

# Comprehensive Annual Financial Report

June 30, 2003

City of Wilmington  
North Carolina





RiverWalk  
Wilmington, North Carolina

## Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2003

City of Wilmington  
North Carolina

Prepared by the Finance Department

# **CITY OF WILMINGTON, NORTH CAROLINA**

## **Comprehensive Annual Financial Report**

**Year Ended June 30, 2003**

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# WILMINGTON *North Carolina*



## **City Council**

Harper Peterson, Mayor  
Katherine B. Moore, Mayor Pro-Tem  
Frank S. Conlon  
Laura W. Padgett  
James L. Quinn, III  
Sandra Spaulding-Hughes  
Jason Thompson

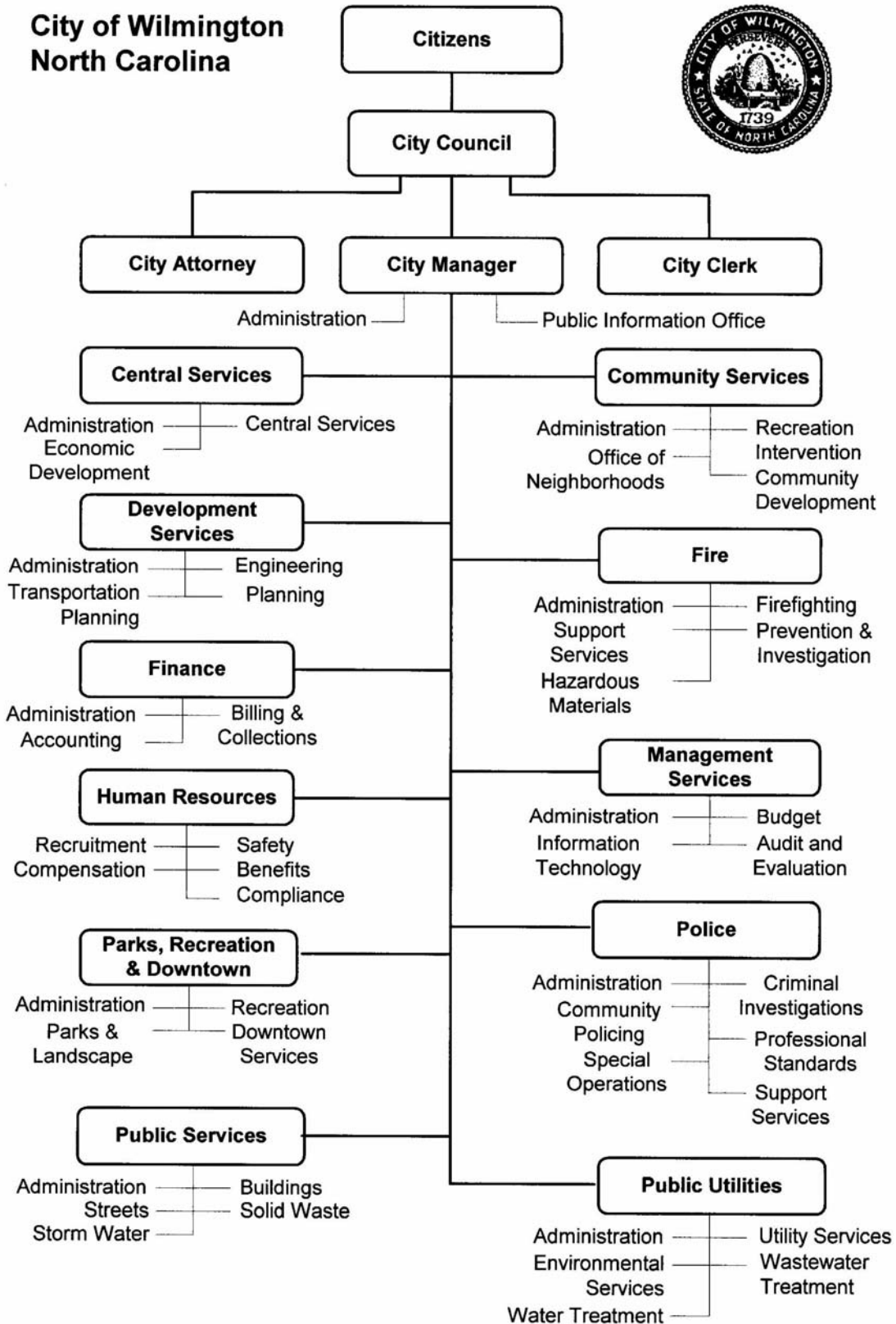
## **City Manager**

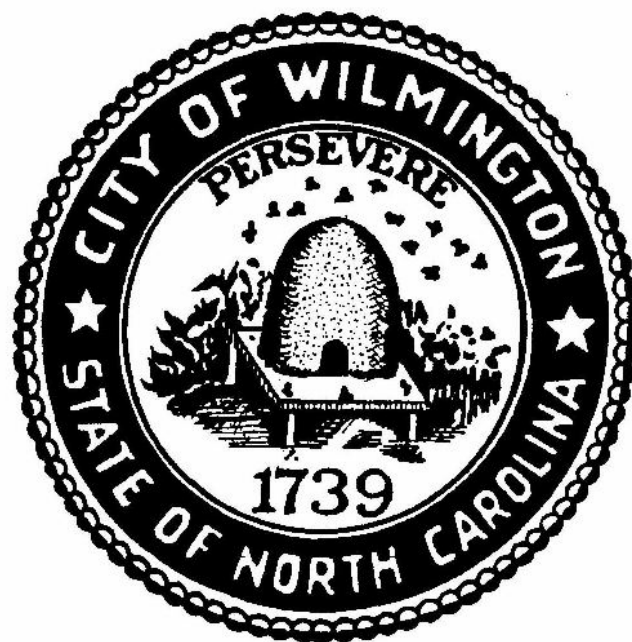
Sterling B. Cheatham

## **Finance Director**

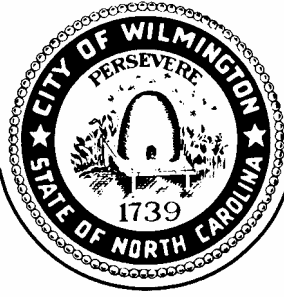
W. Brent McAbee

**City of Wilmington  
North Carolina**









# WILMINGTON

*North Carolina*

## Finance Department

320 Chestnut Street 1<sup>st</sup> Floor • Wilmington, NC 28402-1810  
(910) 341-7822 • (910) 254-0906 *Fax*

December 5, 2003

Honorable Mayor, Members of the  
City Council and City Manager  
CITY OF WILMINGTON  
Wilmington, North Carolina

The Comprehensive Annual Financial Report of the City of Wilmington, North Carolina, for the fiscal year ending June 30, 2003, is submitted herewith. This report was prepared by the City's Finance Department. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with City management. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect City assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is accurate in all material aspects; it is presented in a manner designed to present fairly the financial activity of its various funds and component unit; and all disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and compliance. The introductory section includes this transmittal letter, the Certificate for Excellence in Financial Reporting for the fiscal year ended June 30, 2002, the City's organization chart and a listing of principal officials. The financial section includes the independent auditor's report, management's discussion and analysis and basic financial statements including notes to financial statements and required supplementary information. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The compliance section presents information in conformity with provisions of the Federal and State Single Audit Acts, which establish audit requirements for state and local governments that receive federal and state awards. This section includes schedules of federal and state awards, findings and questioned costs and the independent auditor's reports on internal control and compliance with applicable laws and regulations.

## **INDEPENDENT AUDIT**

The General Statutes of North Carolina (Section 159-34) require an independent financial audit of all local governmental units. The City's financial statements have been audited by Lanier, Whaley, Craft and Company, a firm of licensed certified public accountants appointed by City Council. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2003, are free of material misstatement. Their audit was performed in accordance with generally accepted auditing standards and government auditing standards, and accordingly, included such tests of the accounting records and such other auditing procedures as they considered necessary in the circumstances. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2003 are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federal and state mandated "Single Audit" designed to meet the special needs of grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements involving the administration of federal and state awards.

## **PROFILE OF GOVERNMENT**

The City is located in southeastern North Carolina on the Atlantic Coast. The City, which was incorporated in 1739, presently covers a land area of 54 square miles and has a population of 91,907. The City is empowered to levy a property tax on the appraised value of all real and certain tangible personal property located in the City. New Hanover County is the only other unit levying taxes within the City's corporate limits. The City is also empowered by statutes to extend its corporate limits by annexation.

The City has a Council-Manager form of government. The Council is comprised of the Mayor and six Council members. The Mayor is elected at large every two years and the Council members are elected at large every four years with staggered terms. The Council is the legislative body of city government with the Mayor as a voting member and the presiding officer. The city manager is appointed by the Council and administers the daily operations of the City through appointed department heads.

The City provides the full range of services contemplated by statute. This includes police, fire, sanitation, streets, public improvements, planning and zoning and general administrative services. The City also operates a consolidated water and sewer utility system, a ground water utility system, one parking facility, golf course, and provides solid waste and storm water management services. In addition, the Wilmington Transit Authority, a component unit, provides bus transit services within the City.

The annual budget serves as the foundation of the City's financial planning and control. The budget process begins with an annual work session in January with the City Council. The City's strategic plan is revised as needed and priorities for the upcoming budget process are identified.

Department heads submit requests for appropriation to the city manager during the first weeks of March each year. The city manager uses these requests as the starting point for developing a proposed budget. The city manager then presents this proposed budget to the City Council for review in early May each year. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than June 30, the close of the fiscal year.

The annual budget is prepared at a functional level (e.g. public safety). Department heads may make transfers of appropriations within a department. Transfers of appropriations between functions (e.g. public safety), however, require the special approval of the City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund and enterprise fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented as part of the basic financial statements for the governmental funds. For enterprise funds with appropriated annual budgets, this comparison is presented in the enterprise funds subsection of this report, which starts on page 109. Also included are budget-to-actual comparisons for each governmental fund and enterprise fund for which a project-length budget has been adopted (i.e., special revenue funds and capital projects funds).

## **ECONOMIC CONDITIONS AND OUTLOOK**

Wilmington remains a culturally diverse community located in one of the most desirable areas in the country. While growth rates have slowed from those in the 1990's, the City continues to have healthy growth in commercial and residential development. Over the past three years over \$650 million in building permits have been issued. Non-residential growth constituted almost 54% of the total.

Approximately 87 percent (2002) of Wilmington's employment is in the service section; retail sales, health services, governmental services, utilities, hotels, motels, and others. The 12.6 percent employment base in manufacturing is significantly below the State of North Carolina's 20.8 percent. The unemployment rates in Wilmington for the past two years have been below national and state averages in part due to the diversity in the local economy.

Major employers in the City with over 1000 employees include New Hanover Health Network, University of North Carolina at Wilmington, New Hanover County Board of Education, New Hanover County, and the City of Wilmington. In addition, two pharmaceutical companies located in Wilmington have a combined workforce of over 1,500 with salaries well above the area average.

New Hanover Health Network (NHNN) continues to expand its services and is southeastern North Carolina's leading health-care provider with over 4500 employees (3500 in Wilmington). In June 2003 the hospital became one of only 70 hospitals in the world to be awarded the Magnet Award for Nursing Excellence. NHNN has gradually expanded its scope of services and employment in recent years, and is currently planning further expansion in pediatric intensive care.

The University of North Carolina at Wilmington (UNCW), for the sixth consecutive year, was rated among the top 10 public regional universities in the south by *U.S. News and World Report*, rising to 6<sup>th</sup> place in 2003. UNCW is now undertaking the largest construction effort in its 56-year history. Three classroom facilities will be built and eight structures renovated. UNCW's enrollment is approximately 11,000 in the fall of 2003.

Wilmington's economy is expected to remain stable. The City will continue to serve as the retail and service center for southeastern North Carolina. Tourism, the area's largest economic component, will continue to grow as the national economic recovery progresses.

## **ACCOMPLISHMENTS AND INITIATIVES**

During FY 2002-03, the City achieved a number of improvements in municipal operations and services provided to the citizens of the City. Some of the more significant accomplishments for the year and major program initiatives for the future are identified below:

Convention Center. In February 2003, the City Council approved, pursuant to state enabling legislation, a 3% increase in the room occupancy tax. The tax is projected to generate approximately \$1.4 million per year in revenue. The proceeds from this portion of the room occupancy tax are restricted to the construction and operation of a convention facility and are not held by the City or available to the City until construction has begun on a convention center. To assist City Council in the development of a convention center, a Mayor's Task Force was appointed. In addition an outside consultant was engaged to assist with the process. A recommendation of both site and scope of the facility is expected in early 2004.

Growth and Development. The City of Wilmington faces a variety of growth and development challenges. The City's natural annual population growth rate has been fairly consistent since 1930 - at around 1%. A lot of the City's growth has occurred through annexation. Surrounding areas continue to increase in population while Wilmington maintains its position as the regional commercial hub.

The City and County have made significant progress regarding updates to decades old development regulations. Final work has been completed on all sections of the project except for the zoning districts and additions to environmental regulations. These sections will be reviewed by a citizen committee during the winter 2004 and should be adopted by summer 2004.

The City adopted a mixed-use ordinance that allows for a more efficient development pattern than that of standard zoning districts. Two major projects (on approximately 500 total acres) are under construction as a result of this ordinance. The mixed use projects will be a substantial addition to the City's tax base.

City staff and the NorthSide Community successfully completed the NorthSide Community Plan in 2003. The NorthSide Community Plan is an area plan consisting of inner city residential and commercial neighborhoods in downtown Wilmington. The NorthSide area has not realized the same economic growth that other areas in the City have experienced. This revitalization plan was an opportunity for residents, property owners and business owners to come together to discuss and plan for their community's future. The Plan recommends strategies to reduce crime and to improve economic development and housing in the community. The key player responsible for implementing the Plan is the NorthSide Neighborhood Association which was formed out of the planning process. A major role of the Association is to facilitate continued communication and cooperation among stakeholders and to help form the necessary partnerships. The Association consists of dedicated residents and business owners that are anxious to see improvements in their community. City staff continues to work closely with the Association. City Council adopted the Plan in July 2003. Implementation of the Year One action steps is currently underway.

The City has completed the initial phases in the creation of a Comprehensive Future Land Use Plan. Guiding principles and policies stated in the plan will shape the community's physical development and redevelopment over the next twenty years. City staff conducted 35 community meetings that reached over 500 citizens. Initial findings and existing conditions have been presented to the City Council. Staff anticipates adoption of the plan by Spring 2004.

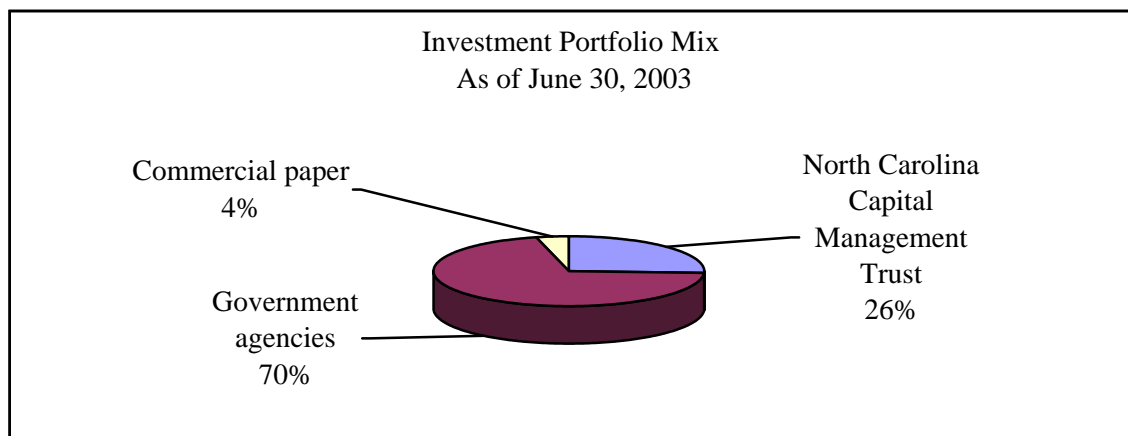
In a related environmentally focused land use planning effort, the City and County are beginning the five-year update of the Coastal Area Management Act (CAMA) Plan as required by state law. This plan will focus on the environmentally sensitive lands associated with coastal communities. The public participation process is scheduled for a January 2004 kick-off. Completion of the CAMA Plan is expected in 2005.

In conjunction with a private consultant, City staff is also completing a 5-year update of the Vision 2020 Downtown Plan. This document presents a vision and policies for the future of Wilmington's downtown. The update will focus on economic development, land use mixes, streetscape design, infrastructure and public space.

Public Facilities. Construction began on a \$9 million 550 space parking deck in downtown. The deck is expected to open in the spring of 2004. The first phase of the development of a 40 acre operations center was begun with construction of the \$1.5 million service facility. The second phase, approximately \$9 million, is to begin in January 2004 and will include storm water services, public utilities, fleet, and central stores operations. Two extensions of the City's riverwalk were completed on the southern end of downtown with an extension underway on the northern end, bringing the total length to almost one mile. Over \$6 million will be invested in this important amenity in the city's historic downtown over a three-year period.

## CASH MANAGEMENT

The City's investment policy is designed to minimize credit and market risks while maintaining a competitive yield on its portfolio. Available cash is invested in interest bearing demand deposits, certificates of deposit, obligations of the U.S. Treasury and governmental agencies, bankers' acceptances, commercial paper, and the North Carolina Capital Management Trust (an SEC registered money market fund), in accordance with North Carolina General Statute 159-30. Deposits are either insured by the federal depository insurance or are collateralized by securities held by the State Treasurer's agent in the name of the State Treasurer. At June 30, 2003, the City held \$108.3 million in investments in the following mix:





## **RISK MANAGEMENT**

The City has a self-insured medical insurance program with administration of the program by Blue Cross/Blue Shield of North Carolina. In addition, the City contracts with Blue Cross for stop-loss pooling of claims on an individual basis once a claim reaches \$75,000 during a contract period. Aggregate stop-loss limits the City's losses to 125 percent of expected claims.

The City is also a self-insurer for workers' compensation insurance up to a maximum of \$250,000 per claim and an aggregate annual limit of \$5,000,000. Aggregate limits are a percentage of total salaries. The City purchases property, general liability, and crime insurance through qualified commercial insurers at a level deemed appropriate for each type coverage. The coverages are placed by New Hanover County Risk Management pursuant to an interlocal agreement with the City. The City has established a reserve for existing claims as of June 30, 2003 of \$713,051. Funding is included in the General Fund for expected claims.

## **CERTIFICATE OF ACHIEVEMENT**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Wilmington for its comprehensive annual financial report for the fiscal year ending June 30, 2002. The Certificate of Achievement is a prestigious national award recognizing achievement with the highest standards in government accounting and financial reporting.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR) whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Wilmington has received a Certificate of Achievement for the last eighteen consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to the GFOA.

## **ACKNOWLEDGMENTS**

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. I especially express my appreciation to Carolyn Stokley, Alice Johnson, Stephanie Jacobs, Bryon Dorey, Tracy Meadows, Barbara Williams and Marilyn Meszaros for their efforts and contributions to the preparation of this report.

Respectfully submitted,

A handwritten signature in black ink that reads "W. Brent McAbee". The signature is written in a cursive, flowing style.

W. Brent McAbee, CPA  
Finance Director

# Certificate of Achievement For Excellence in Financial Reporting

Presented to

City of Wilmington,  
North Carolina

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2002

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



**Lanier, Whaley, Craft & Co.**  
*Certified Public Accountants and Consultants*

**Independent Auditor's Report**

The City Council  
City of Wilmington, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Wilmington, North Carolina, as of and for the year ended June 30, 2003, which collectively comprise the City of Wilmington, North Carolina's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Wilmington, North Carolina's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Wilmington, North Carolina, as of June 30, 2003, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, the City of Wilmington, North Carolina adopted Governmental Accounting Standards Board (GASB) Statement Number 34 during the year ended June 30, 2003.

Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance Schedules of Funding Progress and Employer Contributions are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion thereon.

In accordance with Government Auditing Standards, we have also issued our report dated December 5, 2003 on our consideration of the City of Wilmington, North Carolina's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the City of Wilmington, North Carolina, taken as a whole. The individual fund financial statements and schedules, as well as the accompanying schedule of federal and State awards - cash basis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act, and the statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Lanier, Whaley, Craft & Co.*

Wilmington, North Carolina  
December 5, 2003

## Management's Discussion and Analysis

As management of the City of Wilmington, we offer readers of the City of Wilmington's financial statements this narrative overview and analysis of the financial activities of the City of Wilmington for the fiscal year ended June 30, 2003. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

### Financial Highlights

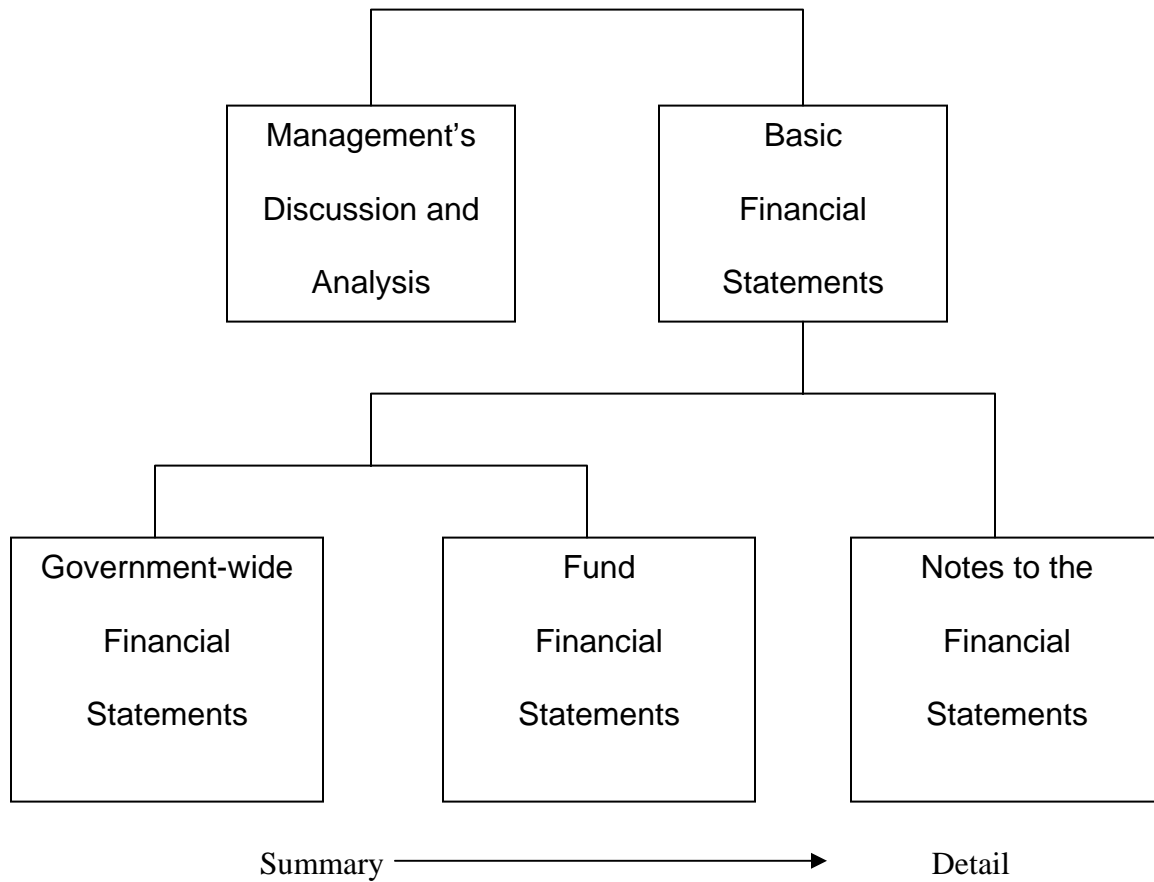
- The assets of the City of Wilmington exceeded its liabilities at the close of the fiscal year by \$223,712 (*net assets*).
- The government's net assets increased by \$12,872, with approximately 76% of that amount accounted for in the net assets of the governmental activities.
- As of the close of the current fiscal year, the City of Wilmington's governmental funds reported combined ending fund balances of \$56,980, an increase of \$4,213 in comparison with the prior year. Approximately 34% of this total amount, or \$19,263, is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$24,247, or 38.6% of total general fund expenditures for the fiscal year.
- The City of Wilmington's total debt increased by \$4,229 (3.2%) during the current fiscal year. The key factor in this increase was the issuance of certificates of participation of \$9,232 for construction of a parking deck and \$4,238 for the extension of Riverwalk and operations center development.
- The City of Wilmington maintained its AA-/AA3 general obligation bond rating for the 3rd consecutive year.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Wilmington's basic financial statements. The City's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see figure 1). The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the City of Wilmington.



**Required Components of Annual Financial Report**  
**Figure 1**



**Basic Financial Statements**

The first two statements in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the City's financial status.

The next statements are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the City's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

## **Government-wide Financial Statements**

The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole.

The two government-wide statements report the City's net assets and how they have changed. Net assets are the difference between the City's total assets and total liabilities. Measuring net assets is one way to gauge the City's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the City's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the City charges customers to provide. These include water and sewer services, solid waste services, parking facilities, storm water management, and a golf course operated by the City. The final category is the component unit. Although legally separate from the City, the Wilmington Transit Authority is important to the City because the City exercises control over the Authority by appointing its members.

The government-wide financial statements are on pages 15 - 17 of this report.

## **Fund Financial Statements**

The fund financial statements (see figure 2) provide a more detailed look at the City's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Wilmington, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the City's budget ordinance. All of the funds of City of Wilmington can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds** – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The City of Wilmington adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

**Proprietary Funds** – The City of Wilmington has two different kinds of proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Wilmington uses enterprise funds to account for its water and sewer services, golf course operations, solid waste services, storm water management, and operations of the parking facilities. These funds are the same as those functions shown in the business-type activities in the Statement of Net Assets and the Statement of Activities. *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the functions of the City of Wilmington. The City uses an internal service fund to account for two activities – fleet operations and personal computer replacement. Because these operations benefit predominantly governmental rather than business-type activities, the internal service fund has been included within the governmental activities in the government-wide financial statements.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 36 - 73 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Wilmington's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 74 of this report.

## Government-Wide Financial Analysis

The government-wide financial statements for the fiscal year ended June 30, 2003 are the beginning of a new era in financial reporting for the City of Wilmington and many other units of government across the United States. Prior to this year, the City of Wilmington maintained their governmental and proprietary fund groups as two separate and very distinct types of accounting without any type of consolidated statement that accurately reflected the operations and net assets of the government as a whole. There was a total column that appeared on the financial statements, but it was a memorandum total only. No attempt was made to adjust the statements in such a way that the total column would represent the overall financial condition of the City of Wilmington. These statements were basically the equivalent of the fund financial statements that appear in this report with fiduciary funds and two account groups, long-term debt and general fixed assets, added in.

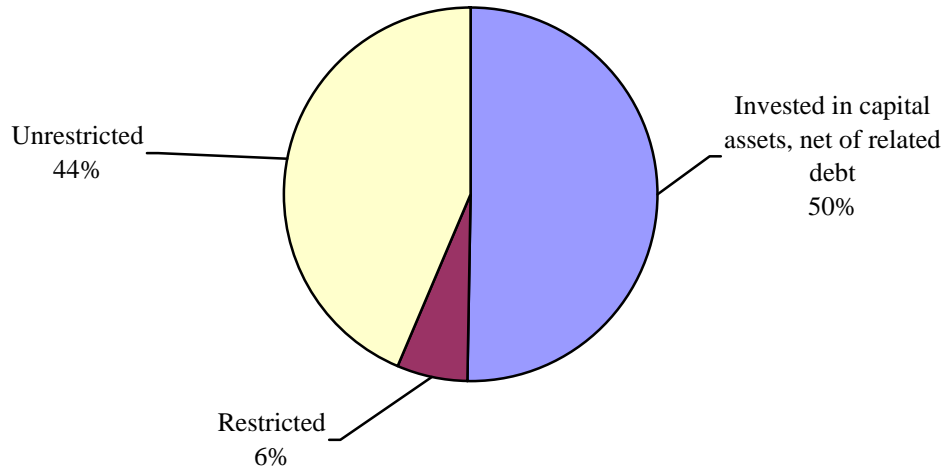
The changes in the financial statement reporting model are mandated by the Governmental Accounting Standards Board (GASB). GASB Statement 34 dictated the changes you see in the City of Wilmington's financial reports as well as those of many other units of government. While the City of Wilmington was required to implement these changes for the fiscal year ended June 30, 2003, other units were required to implement Statement 34 in 2002, and any remaining governments will be implementing in 2004.

Because of the new reporting model, comparative data for all facets of this report are not available. When comparative numbers are accessible, they have been included, such as with net assets. Future years' reports will have more comparative data that will allow more opportunities for comparative analysis.

**Net Assets**  
**Figure 2**

	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
<b>ASSETS:</b>						
Current and other assets	\$ 74,322	\$ 66,447	\$ 66,439	\$ 63,748	\$ 140,761	\$ 130,195
Capital assets	<u>50,393</u>	<u>46,433</u>	<u>182,258</u>	<u>179,640</u>	<u>232,651</u>	<u>226,073</u>
Total assets	<u>124,715</u>	<u>112,880</u>	<u>248,697</u>	<u>243,388</u>	<u>373,412</u>	<u>356,268</u>
<b>LIABILITIES:</b>						
Long-term liabilities	45,227	45,268	91,137	86,840	136,364	132,108
Current and other liabilities	<u>8,996</u>	<u>6,881</u>	<u>4,340</u>	<u>6,439</u>	<u>13,336</u>	<u>13,320</u>
Total liabilities	<u>54,223</u>	<u>52,149</u>	<u>95,477</u>	<u>93,279</u>	<u>149,700</u>	<u>145,428</u>
<b>NET ASSETS:</b>						
Invested in capital assets, net of related debt	13,210	10,010	99,025	96,387	112,235	106,396
Restricted	10,063	10,271	3,721	3,215	13,784	13,486
Unrestricted	<u>47,219</u>	<u>40,451</u>	<u>50,474</u>	<u>50,507</u>	<u>97,693</u>	<u>90,958</u>
Net assets	<u>\$ 70,492</u>	<u>\$ 60,731</u>	<u>\$ 153,220</u>	<u>\$ 150,109</u>	<u>\$ 223,712</u>	<u>\$ 210,840</u>

### Net assets



As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. At the end of the current fiscal year the City of Wilmington was able to report positive balances in all three categories of net assets, both for the City as a whole, as well as for its separate governmental and business-type activities. The assets of the City of Wilmington exceeded liabilities by \$223,712 as of June 30, 2003. The City's net assets increased by \$12,872 for the fiscal year ended June 30, 2003. The largest portion (50%) reflects the City's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. The City of Wilmington uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Wilmington's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

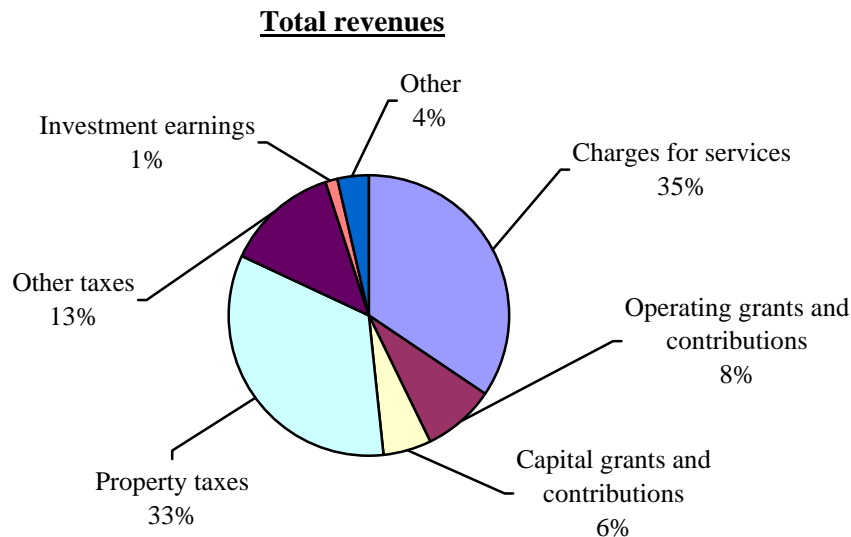
An additional portion of the City of Wilmington's net assets (6.2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$97,693 is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

One significant aspect of the City's financial operations that positively influenced the total unrestricted governmental net assets was the continued expenditure reductions begun during the fiscal year ended June 30, 2002 in anticipation of projected reduction in revenues from the State of North Carolina.



**Changes in Net Assets**  
**Figure 3**

	<b>Year ended June 30, 2003</b>		
	<b>Governmental</b>	<b>Business-type</b>	
	<b>Activities</b>	<b>Activities</b>	<b>Total</b>
Revenues:			
Program revenues:			
Charges for services	\$ 2,273	\$ 38,285	\$ 40,558
Operating grants and contributions	9,773	3	9,776
Capital grants and contributions	4,433	2,068	6,501
General revenues:			
Property taxes	39,268	-	39,268
Other taxes	15,491	-	15,491
Investment earnings	814	842	1,656
Other	4,220	-	4,220
Total revenues	<u>76,272</u>	<u>41,198</u>	<u>117,470</u>
Expenses:			
General government	11,535	-	11,535
Public safety	30,734	-	30,734
Transportation	10,078	-	10,078
Economic and physical development	5,004	-	5,004
Culture and recreation	4,517	-	4,517
Transit system	1,900	-	1,900
Hurricane disaster recovery	77	-	77
Interest and other charges	1,942	-	1,942
Water and sewer	-	22,327	22,327
Ground water utility	-	3,122	3,122
Solid waste management	-	6,403	6,403
Storm water management	-	4,979	4,979
Golf	-	896	896
Parking facilities	-	1,085	1,085
Total expenses	<u>65,787</u>	<u>38,812</u>	<u>104,599</u>
Increase in net assets before transfers	10,485	2,386	12,871
Transfers from (to) other funds	<u>(725)</u>	<u>725</u>	<u>0</u>
Increase in net assets	9,760	3,111	12,871
Net assets at beginning of year	<u>60,732</u>	<u>150,109</u>	<u>210,841</u>
Net assets at end of year	<u>\$ 70,492</u>	<u>\$ 153,220</u>	<u>\$ 223,712</u>



**Governmental activities.** Governmental activities increased the City's net assets by \$9,760, thereby accounting for 76% of the total growth in the net assets of the City of Wilmington.

**Business-type activities.** Business-type activities increased the City of Wilmington's net assets by \$3,111, accounting for 24% of the total growth in the government's net assets. The largest increase in net assets was \$869 in the Water and Sewer Fund after \$1,862 in capital contributions. The Ground Water Utility Fund, Solid Waste Management Fund and Parking Facilities Fund accounted for increases of net assets of \$483, \$528 and \$455, respectively.

### **Financial Analysis of the City's Funds**

As noted earlier, the City of Wilmington uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the City of Wilmington's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City of Wilmington's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the City of Wilmington. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$24,247, while total fund balance reached \$30,107. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 38.6% of total General Fund expenditures, while total fund balance represents 47.9% of that same amount.

At June 30, 2003, the governmental funds of the City of Wilmington reported a combined fund balance of \$56,980, an 8% increase over last year. The General Fund, capital projects funds and special revenue funds are included in this combined amount.

**General Fund Budgetary Highlights.** During the fiscal year, the City revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once more precise information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Revenues (excluding transfers) exceeded budget estimates by \$3,115 for the fiscal year. One primary factor, accounting for \$2,179, was the receipt of a full year of the utility franchise tax. The adopted budget contained a revenue estimate based on the payment of two quarter's receipts. The City took this approach in developing the 2003 budget in response to the State of North Carolina's decision to withhold the last two quarters of franchise tax disbursement in the fiscal year 2002. The State's fiscal year 2003 budget was not adopted at the time the City adopted their budget.

Expenditures (excluding transfers) in the General Fund were \$3,696 less or 94% of the \$63,984 budget. Operating expenditures were approximately \$2,156 under budget and personnel expenditures were approximately \$1,540 under budget. In response to the State's budget crisis a number of measures including a temporary hiring freeze and suspension of non-essential travel and capital were in force.

**Proprietary Funds.** The City of Wilmington's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the Water and Sewer Fund at the end of the fiscal year amounted to \$40,098. The unrestricted net assets of the other five proprietary funds totaled \$10,376.

## **Capital Asset and Debt Administration**

**Capital assets.** The City of Wilmington's investment in capital assets for its governmental and business-type activities as of June 30, 2003 was \$232,650 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles. The City has not included general infrastructure acquired prior to July 1, 2002. These capital assets will be included in the statement of net assets within the four-year period permitted by GASB 34.

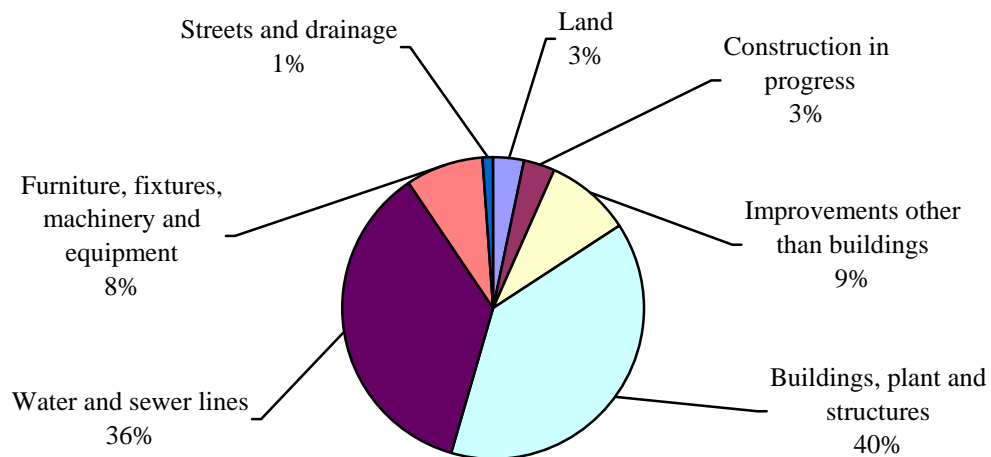
Major capital asset transactions during the year include the following additions (there were no significant demolitions or disposals):

- Additions of \$3,192 in street and drainage capital assets accounted for nearly one-half of the increase in capital assets for the governmental activities.
- Construction in progress for parking facilities added \$3,393 to business-type activities capital assets.

**Capital Assets**  
**Figure 4**

	<b>June 30, 2003</b>		
	<b>Governmental</b>	<b>Business-type</b>	
	<b>Activities</b>	<b>Activities</b>	<b>Total</b>
Land	\$ 7,480	\$ 3,778	\$ 11,258
Construction in progress	1,720	8,327	10,047
Total non-depreciable assets	9,200	12,105	21,305
Improvements other than buildings	7,768	22,661	30,429
Buildings, plant and structures	34,801	90,517	125,318
Water and sewer lines	-	117,815	117,815
Furniture, fixtures, machinery and equipment	24,461	2,909	27,370
Streets and drainage	3,192	-	3,192
Total assets being depreciated	70,222	233,902	304,124
Accumulated depreciation	(29,029)	(63,750)	(92,779)
Total capital assets being depreciated, net	41,193	170,152	211,345
Total capital assets, net	<u>\$ 50,393</u>	<u>\$ 182,257</u>	<u>\$ 232,650</u>

**Capital Assets**



Additional information on the City's capital assets can be found in note 4 on pages 51-54 of this report.

**Long-term Debt.** As of June 30, 2003, the City of Wilmington had total bonded debt outstanding of \$77,022. Of this amount, \$56,775 is general obligation debt backed by the full faith and credit of the City. Of the general obligation debt a total of \$40,131 is paid with storm water and water and sewer system revenues, although the City's taxing authority is the true security to the bondholders in the form of general obligation bonds. The remainder of the City's debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds) of the water and sewer system.

**Outstanding Long-term Debt  
General Obligation and Revenue Bonds  
Figure 5**

	<b>June 30, 2003</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
General obligation bonds	\$ 16,644	\$ 40,131	\$ 56,775
Revenue bonds	-	20,247	20,247
Total	<u>\$ 16,644</u>	<u>\$ 60,378</u>	<u>\$ 77,022</u>

The City of Wilmington's total debt increased by \$4,229 (3.2%) during the past fiscal year. The increase was due to the issuance of certificates of participation of \$9,232 for a new parking deck and \$4,238 for the extension of Riverwalk and the operations center development.

The City of Wilmington maintains an AA- rating from Standard and Poor's and Fitch and a AA3 rating from Moody's for general obligation debt. The revenue bonds of the Water and Sewer Fund have been rated A+ by Fitch and A1 by Moody's.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt limit for the City of Wilmington is \$665,097. The City has no authorized but unissued bonds at June 30, 2003.

Additional information on the City of Wilmington's long-term debt can be found in note 4 on pages 61-67 of this report.

**Economic Factors and Next Year's Budgets and Rates**

The following key economic indicators reflect the growth and prosperity of the City.

- The City of Wilmington's unemployment rate of 6.0% at June 30, 2003 was below the State average of 6.8% and the national average of 6.5%.
- Continued strong growth in construction; building permits valued at \$223,426 or 2.7% of the appraised property values issued for fiscal year 2003.
- Sales tax receipts (county-wide) were up almost 3% over prior fiscal year.

All of these factors were included in preparing the City of Wilmington's budget for the 2004 fiscal year.

## **Budget Highlights for the Fiscal Year Ending June 30, 2004**

**Governmental Activities.** Property tax rate remained the same (.47 per \$100) for the 2004 fiscal year, for the fifth consecutive year. The budget revenue estimate for fiscal year 2004 includes the full year of utility franchise tax (\$4,304) and also the additional ½ cent sales tax that became effective July 1, 2003. This accounts for an additional \$1,285 in revenues. The sales tax addition essentially replaces certain state-shared revenues discontinued in fiscal year 2002.

Budgeted expenditures in the General Fund are expected to rise 4.3% to \$69,366. The largest increments are in employee compensation, including funding compensation and benefits adjustments, as well as the addition of nineteen new positions.

**Business – type Activities.** The adopted Water and Sewer Fund budget decreases slightly (<1%) for fiscal year 2004. A 2.8% increase in the operating and debt service budgets is offset by a decrease in transfer to capital projects. An overall 3.6% rate increase was adopted pursuant to a five-year plan of rate adjustments to support future systems improvements. The rate increase also applied to the Ground Water Utility Fund, which had an operating cost increase of approximately 4.2%. No fees or charges were adjusted in the other proprietary funds.

### **Requests for Information**

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, City of Wilmington, 320 Chestnut Street, Wilmington, N.C. 28401.

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Net Assets**

**June 30, 2003**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 48,173,716	\$ 50,300,442	\$ 98,474,158	\$ 35,023
Taxes receivable, net	1,154,174	-	1,154,174	-
Accounts receivable, net	163,076	3,688,254	3,851,330	62,568
Other receivables	166,868	642,804	809,672	-
Internal balances	(91,612)	91,612	-	-
Due from other governments	8,050,956	244,231	8,295,187	12,461
Due from primary government	-	-	-	3,385
Due from management company	-	-	-	123,991
Inventories	673,960	1,084,142	1,758,102	32,322
Prepaid expenses	-	-	-	37,873
Deferred charges, net	82,058	1,046,158	1,128,216	-
Water availability rights, net	-	2,420,316	2,420,316	-
Notes receivable	12,109,648	-	12,109,648	-
Restricted assets:				
Cash and cash equivalents	3,504,205	6,921,404	10,425,609	-
Net pension asset	335,468	-	335,468	-
Capital assets:				
Land and construction in progress	9,199,772	12,104,982	21,304,754	26,070
Other capital assets, net of accumulated depreciation	41,192,803	170,152,588	211,345,391	4,440,627
Total assets	<u>124,715,092</u>	<u>248,696,933</u>	<u>373,412,025</u>	<u>4,774,320</u>
<b>LIABILITIES</b>				
Accounts payable	5,100,928	3,093,916	8,194,844	196,499
Due to other governments	-	153,038	153,038	-
Due to component unit	3,385	-	3,385	-
Accrued liabilities	3,100,017	798,722	3,898,739	-
Customer and escrow deposits	486,415	164,943	651,358	-
Deferred revenues	305,298	129,526	434,824	86,124
Long-term liabilities:				
Due within one year	7,295,728	5,975,070	13,270,798	-
Due in more than one year	37,931,179	85,161,716	123,092,895	-
Total liabilities	<u>54,222,950</u>	<u>95,476,931</u>	<u>149,699,881</u>	<u>282,623</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	13,209,589	99,025,314	112,234,903	4,466,697
Restricted for:				
Community development housing loans	9,514,937	-	9,514,937	-
Pension benefits	335,468	-	335,468	-
Law enforcement grants and contributions	120,928	-	120,928	-
Firemen's relief	92,252	-	92,252	-
Capital projects	-	1,432,734	1,432,734	-
Water and sewer facility fees	-	2,287,743	2,287,743	-
Unrestricted	<u>47,218,968</u>	<u>50,474,211</u>	<u>97,693,179</u>	<u>25,000</u>
Net assets	<u>\$ 70,492,142</u>	<u>\$ 153,220,002</u>	<u>\$ 223,712,144</u>	<u>\$ 4,491,697</u>

See notes to financial statements.

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Activities**

**Year Ended June 30, 2003**

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary government:			
Governmental activities:			
General government	\$ 11,535,385	\$ 697,897	\$ -
Public safety	30,733,825	432,996	2,711,565
Transportation	10,077,678	747,456	3,328,636
Economic and physical development	5,003,942	43,424	2,250,098
Cultural and recreational	4,517,154	351,593	50,122
Transit system	1,899,511	-	1,348,790
Hurricane disaster recovery	77,177	-	83,683
Interest and other charges	<u>1,942,334</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>65,787,006</u>	<u>2,273,366</u>	<u>9,772,894</u>
Business-type activities:			
Water and sewer	22,326,700	20,722,414	-
Ground water utility	3,122,086	3,584,541	-
Solid waste management	6,402,933	6,160,974	-
Storm water management	4,979,104	5,532,704	3,083
Golf	895,869	812,842	-
Parking facilities	<u>1,085,561</u>	<u>1,471,820</u>	<u>-</u>
Total business-type activities	<u>38,812,253</u>	<u>38,285,295</u>	<u>3,083</u>
Total primary government	<u>\$ 104,599,259</u>	<u>\$ 40,558,661</u>	<u>\$ 9,775,977</u>
Component unit	<u>\$ 2,544,037</u>	<u>\$ 509,102</u>	<u>\$ -</u>

General revenues:

Ad valorem taxes  
Room occupancy tax  
Grants and contributions not restricted to specific programs  
Operating subsidy from primary government  
Local option sales tax  
Franchise tax  
Rental vehicle tax  
Licenses and permits  
Investment earnings  
Miscellaneous

Transfers from (to) other funds

Total general revenues and transfers

Change in net assets

Net assets at beginning of year

Net assets at end of year

See notes to financial statements.



Net (Expenses) Revenues and Changes in Net Assets				
Capital Grants and Contributions	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
\$ -	\$ (10,837,488)	\$ -	\$ (10,837,488)	\$ -
-	(27,589,264)	-	(27,589,264)	-
4,393,079	(1,608,507)	-	(1,608,507)	-
-	(2,710,420)	-	(2,710,420)	-
40,000	(4,075,439)	-	(4,075,439)	-
-	(550,721)	-	(550,721)	-
-	6,506	-	6,506	-
-	(1,942,334)	-	(1,942,334)	-
<u>4,433,079</u>	<u>(49,307,667)</u>	<u>-</u>	<u>(49,307,667)</u>	<u>-</u>
1,862,119	-	257,833	257,833	-
-	-	462,455	462,455	-
-	-	(241,959)	(241,959)	-
205,413	-	762,096	762,096	-
-	-	(83,027)	(83,027)	-
-	-	386,259	386,259	-
<u>2,067,532</u>	<u>-</u>	<u>1,543,657</u>	<u>1,543,657</u>	<u>-</u>
<u>\$ 6,500,611</u>	<u>(49,307,667)</u>	<u>1,543,657</u>	<u>(47,764,010)</u>	<u>-</u>
<u>\$ 3,777,308</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,742,373</u>
rams	39,268,327	-	39,268,327	-
	151,062	-	151,062	-
	1,246,184	-	1,246,184	-
	-	-	-	1,899,511
	10,906,730	-	10,906,730	-
	4,303,926	-	4,303,926	-
	129,349	-	129,349	-
	2,557,466	-	2,557,466	-
	814,004	841,930	1,655,934	-
	416,590	-	416,590	-
	(725,463)	725,463	-	-
	<u>59,068,175</u>	<u>1,567,393</u>	<u>60,635,568</u>	<u>1,899,511</u>
	9,760,508	3,111,050	12,871,558	3,641,884
	<u>60,731,634</u>	<u>150,108,952</u>	<u>210,840,586</u>	<u>849,813</u>
	<u>\$ 70,492,142</u>	<u>\$ 153,220,002</u>	<u>\$ 223,712,144</u>	<u>\$ 4,491,697</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Balance Sheet -  
Governmental Funds**

**June 30, 2003**

	<u>Major Funds</u>		<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Special Purpose</u>		
<b>ASSETS</b>				
Cash and cash equivalents	\$ 28,714,596	\$ 1,926,904	\$ 11,027,437	\$ 41,668,937
Taxes receivable, net	1,154,174	-	-	1,154,174
Accounts receivable, net	115,124	-	27,426	142,550
Other receivables	-	-	77,917	77,917
Due from other funds	829,406	-	-	829,406
Due from other governments	3,505,262	3,647,767	895,804	8,048,833
Inventories	581,132	-	-	581,132
Notes receivable	462,598	-	11,647,050	12,109,648
Restricted assets:				
Cash and cash equivalents	<u>-</u>	<u>-</u>	<u>3,504,205</u>	<u>3,504,205</u>
 Total assets	<u>\$ 35,362,292</u>	<u>\$ 5,574,671</u>	<u>\$ 27,179,839</u>	<u>\$ 68,116,802</u>
 <b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 613,081	\$ 3,546,330	\$ 896,539	\$ 5,055,950
Due to other funds	-	-	921,018	921,018
Due to component unit	3,385	-	-	3,385
Accrued liabilities	2,695,033	21,926	-	2,716,959
Customer and escrow deposits	471,698	-	14,717	486,415
Deferred revenues	<u>1,472,166</u>	<u>38,214</u>	<u>442,533</u>	<u>1,952,913</u>
 Total liabilities	<u>5,255,363</u>	<u>3,606,470</u>	<u>2,274,807</u>	<u>11,136,640</u>
 Fund balances:				
Reserved for encumbrances	684,742	1,819,535	4,503,331	7,007,608
Reserved for inventories	581,132	-	-	581,132
Reserved by State statute	4,594,398	3,647,767	898,079	9,140,244
Reserved for loans	-	-	12,993,339	12,993,339
Reserved for firemen's relief	-	-	93,046	93,046
Reserved for capital projects	-	-	7,901,690	7,901,690
Unreserved, reported in:				
General Fund	24,246,657	-	-	24,246,657
Special Purpose Fund	-	(3,499,101)	-	(3,499,101)
Nonmajor special revenue funds	-	-	(855,001)	(855,001)
Nonmajor capital projects funds	<u>-</u>	<u>-</u>	<u>(629,452)</u>	<u>(629,452)</u>
 Total fund balances	<u>30,106,929</u>	<u>1,968,201</u>	<u>24,905,032</u>	<u>56,980,162</u>
 Total liabilities and fund balances	<u>\$ 35,362,292</u>	<u>\$ 5,574,671</u>	<u>\$ 27,179,839</u>	<u>\$ 68,116,802</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Balance Sheet -  
Governmental Funds (Continued)**

**June 30, 2003**

Total fund balances - governmental funds	\$ 56,980,162
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	46,706,871
Internal services funds are used by management to charge the costs of equipment and personal computer replacement to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	10,174,958
Liabilities for earned but deferred revenues in fund statements.	1,647,615
Long-term liabilities including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(45,441,883)
Miscellaneous adjustments to net assets include investment income receivable and pension assets not reported in the governmental funds.	<u>424,419</u>
Net assets - governmental activities	<u>\$ 70,492,142</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Revenues, Expenditures and Changes in Fund Balances -  
Governmental Funds**

**Year Ended June 30, 2003**

	<u>General</u>	<u>Special Purpose</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Ad valorem taxes	\$ 39,201,126	\$ -	\$ -	\$ 39,201,126
Other taxes	15,491,067	-	-	15,491,067
Unrestricted intergovernmental	1,004,394	-	-	1,004,394
Restricted intergovernmental	4,157,291	7,126,341	2,240,098	13,523,730
Licenses and permits	2,557,466	-	-	2,557,466
Sales and services	4,065,419	-	-	4,065,419
Fines and forfeits	46,667	-	-	46,667
Investment earnings	386,159	37,029	275,057	698,245
Miscellaneous	<u>142,040</u>	<u>454,872</u>	<u>198,860</u>	<u>795,772</u>
Total revenues	<u>67,051,629</u>	<u>7,618,242</u>	<u>2,714,015</u>	<u>77,383,886</u>
Expenditures:				
Current:				
General government	13,290,907	-	1,591,786	14,882,693
Public safety	26,766,483	2,925,554	64,806	29,756,843
Transportation	5,585,955	4,415,382	2,499,726	12,501,063
Economic and physical development	2,524,975	223,518	2,171,772	4,920,265
Cultural and recreational	3,881,484	123,791	2,338,129	6,343,404
Transit system	1,899,511	-	-	1,899,511
Hurricane disaster recovery	77,177	-	-	77,177
Debt service:				-
Principal retirement	4,262,148	-	-	4,262,148
Interest and other charges	1,996,002	-	-	1,996,002
Miscellaneous	<u>3,039</u>	<u>-</u>	<u>-</u>	<u>3,039</u>
Total expenditures	<u>60,287,681</u>	<u>7,688,245</u>	<u>8,666,219</u>	<u>76,642,145</u>
Excess of revenues over (under) expenditures	<u>6,763,948</u>	<u>(70,003)</u>	<u>(5,952,204)</u>	<u>741,741</u>
Other financing sources (uses):				
Transfers from other funds	661,850	646,451	1,760,208	3,068,509
Transfers to other funds	(2,508,371)	(776,180)	(521,883)	(3,806,434)
Proceeds from installment obligation	<u>-</u>	<u>-</u>	<u>4,237,811</u>	<u>4,237,811</u>
Total other financing sources (uses)	<u>(1,846,521)</u>	<u>(129,729)</u>	<u>5,476,136</u>	<u>3,499,886</u>
Net change in fund balances	4,917,427	(199,732)	(476,068)	4,241,627
Fund balances at beginning of year	25,218,016	2,167,933	25,381,100	52,767,049
Change in reserve for inventories	<u>(28,514)</u>	<u>-</u>	<u>-</u>	<u>(28,514)</u>
Fund balances at end of year	<u>\$ 30,106,929</u>	<u>\$ 1,968,201</u>	<u>\$ 24,905,032</u>	<u>\$ 56,980,162</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Revenues, Expenditures and Changes in Fund Balances -  
Governmental Funds (Continued)**

**Year Ended June 30, 2003**

Net change in fund balances - total governmental funds.	\$ 4,241,627
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period, including amounts for donations and disposals.	5,078,953
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	232,560
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	106,395
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(126,356)
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Internal service funds are used by management to charge the costs of equipment and personal computer replacement to individual funds. The net revenue of these activities are reported with governmental activities.	242,443
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This amount represents the difference in funds contributed to the special separation allowance for law enforcement officers below the actuarially determined annual pension cost for the current year.	<u>(15,114)</u>
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Change in net assets - governmental activities	<u>\$ 9,760,508</u>
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**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Revenues, Expenditures and Changes in Fund Balance -  
Annual Budget and Actual - General Fund**

**Year Ended June 30, 2003**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Ad valorem tax	\$ 38,566,135	\$ 38,566,135	\$ 39,201,126	\$ 634,991
Room occupancy tax	300,000	300,000	151,062	(148,938)
Local option sales tax	10,690,000	10,690,000	10,906,730	216,730
Franchise tax	2,125,000	2,125,000	4,303,926	2,178,926
Rental vehicle tax	130,000	130,000	129,349	(651)
Unrestricted intergovernmental	551,000	551,000	1,004,394	453,394
Restricted intergovernmental	4,071,175	4,243,442	4,157,291	(86,151)
Licenses and permits	2,360,000	2,360,000	2,557,466	197,466
Sales and services	3,981,200	3,981,200	4,065,419	84,219
Fines and forfeits	30,000	30,000	46,667	16,667
Investment earnings	800,000	800,000	386,159	(413,841)
Miscellaneous	<u>160,000</u>	<u>160,000</u>	<u>142,040</u>	<u>(17,960)</u>
 Total revenues	 <u>63,764,510</u>	 <u>63,936,777</u>	 <u>67,051,629</u>	 <u>3,114,852</u>
 Expenditures:				
Current:				
General government:				
City Council and Clerk	296,527	296,527	300,542	(4,015)
City Manager	727,362	727,362	646,187	81,175
Human Resource Management	591,684	591,684	579,925	11,759
City Attorney	540,242	540,242	529,822	10,420
Finance	2,455,192	2,455,192	2,425,253	29,939
Management Services	1,507,137	1,507,137	1,350,659	156,478
Central Services	601,876	601,876	549,172	52,704
Development Services	3,525,079	3,374,900	2,905,926	468,974
Public Services	1,968,897	1,983,897	1,905,292	78,605
Contributions to other agencies	167,960	210,960	219,229	(8,269)
Nondepartmental	<u>1,825,438</u>	<u>1,911,238</u>	<u>1,878,900</u>	<u>32,338</u>
Total	<u>14,207,394</u>	<u>14,201,015</u>	<u>13,290,907</u>	<u>910,108</u>
 Public safety:				
Police	16,896,761	16,926,761	16,111,699	815,062
Fire	<u>11,067,395</u>	<u>11,077,395</u>	<u>10,654,784</u>	<u>422,611</u>
Total	<u>27,964,156</u>	<u>28,004,156</u>	<u>26,766,483</u>	<u>1,237,673</u>
 Transportation:				
Traffic engineering	3,130,041	3,633,220	3,067,184	566,036
Streets	1,746,727	1,731,727	1,401,771	329,956
Storm water management fee	<u>1,117,000</u>	<u>1,117,000</u>	<u>1,117,000</u>	<u>-</u>
Total	<u>5,993,768</u>	<u>6,481,947</u>	<u>5,585,955</u>	<u>895,992</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Revenues, Expenditures and Changes in Fund Balance -  
Annual Budget and Actual - General Fund (Continued)**

**Year Ended June 30, 2003**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures: (continued)				
Current: (continued)				
Economic and physical development:				
Economic and community development	\$ 2,069,797	\$ 2,034,697	\$ 1,734,564	\$ 300,133
Contributions to other agencies	952,200	944,275	790,411	153,864
Total	<u>3,021,997</u>	<u>2,978,972</u>	<u>2,524,975</u>	<u>453,997</u>
Cultural and recreational:				
Parks and recreation	4,091,752	4,113,152	3,856,484	256,668
Contributions to other agencies	35,000	35,000	25,000	10,000
Total	<u>4,126,752</u>	<u>4,148,152</u>	<u>3,881,484</u>	<u>266,668</u>
Transit system:				
Wilmington Transit Authority	<u>1,885,050</u>	<u>1,885,050</u>	<u>1,899,511</u>	<u>(14,461)</u>
Hurricane disaster recovery	<u>-</u>	<u>-</u>	<u>77,177</u>	<u>(77,177)</u>
Debt service:				
Principal retirement	4,261,040	4,261,040	4,262,148	(1,108)
Interest and other charges	2,132,180	1,993,380	1,996,002	(2,622)
Miscellaneous debt service	30,000	30,000	3,039	26,961
Total	<u>6,423,220</u>	<u>6,284,420</u>	<u>6,261,189</u>	<u>23,231</u>
Total expenditures	<u>63,622,337</u>	<u>63,983,712</u>	<u>60,287,681</u>	<u>3,696,031</u>
Excess of revenues over (under) expenditures	<u>142,173</u>	<u>(46,935)</u>	<u>6,763,948</u>	<u>6,810,883</u>
Other financing sources (uses):				
Transfers from other funds	665,800	665,800	661,850	(3,950)
Transfers to other funds	(2,041,098)	(2,521,363)	(2,508,371)	12,992
Appropriated fund balance	<u>1,233,125</u>	<u>1,902,498</u>	<u>-</u>	<u>(1,902,498)</u>
Total other financing sources (uses)	<u>(142,173)</u>	<u>46,935</u>	<u>(1,846,521)</u>	<u>(1,893,456)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	4,917,427	<u>\$ 4,917,427</u>
Fund balance at beginning of year			25,218,016	
Change in reserve for inventories			<u>(28,514)</u>	
Fund balance at end of year			<u>\$ 30,106,929</u>	

See notes to financial statements.

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Net Assets -  
Proprietary Funds**

**June 30, 2003**

	<b>Enterprise Funds</b>		
	<u>Water and Sewer Fund</u>	<u>Ground Water Utility Fund</u>	<u>Solid Waste Management Fund</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 37,799,709	\$ 951,786	\$ 2,195,789
Accounts receivable:			
Customers, net	3,052,231	615,093	20,930
Other	603,359	3,003	6,929
Due from other funds	91,612	92,136	-
Due from other governments	103,782	44	243
Inventory of materials and supplies	<u>1,005,062</u>	<u>-</u>	<u>-</u>
Total current assets	<u>42,655,755</u>	<u>1,662,062</u>	<u>2,223,891</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	<u>-</u>	<u>-</u>	<u>-</u>
Capital assets:			
Land	1,944,444	368,464	-
Improvements other than buildings	-	-	-
Buildings, plant and structures	85,193,596	2,738,955	-
Water and sewer lines	98,553,236	19,261,958	-
Furniture, fixtures, machinery and equipment	2,298,702	-	26,000
Construction in progress	3,383,111	-	-
Less accumulated depreciation	<u>(50,758,813)</u>	<u>(1,587,498)</u>	<u>(23,400)</u>
Total capital assets, net of accumulated depreciation	<u>140,614,276</u>	<u>20,781,879</u>	<u>2,600</u>
Other assets:			
Deferred charges, net	476,938	394,870	-
Water availability rights, net	<u>2,420,316</u>	<u>-</u>	<u>-</u>
Total other assets	<u>2,897,254</u>	<u>394,870</u>	<u>-</u>
Total noncurrent assets	<u>143,511,530</u>	<u>21,176,749</u>	<u>2,600</u>
Total assets	<u>186,167,285</u>	<u>22,838,811</u>	<u>2,226,491</u>



<b>Enterprise Funds</b>			Internal Service Funds
Parking Facilities Fund	Other Enterprise Funds	Total	
\$ 2,258,497	\$ 7,094,661	\$ 50,300,442	\$ 6,504,779
-	-	3,688,254	20,526
7,125	22,388	642,804	-
-	-	183,748	-
57,909	82,253	244,231	2,123
-	79,080	1,084,142	92,828
<u>2,323,531</u>	<u>7,278,382</u>	<u>56,143,621</u>	<u>6,620,256</u>
 <u>6,921,404</u>	 <u>-</u>	 <u>6,921,404</u>	 <u>-</u>
1,355,954	109,393	3,778,255	-
-	290,903	290,903	-
2,293,727	22,660,948	112,887,226	-
-	-	117,815,194	-
55,537	528,971	2,909,210	15,304,255
3,667,280	1,276,336	8,326,727	-
<u>(1,569,543)</u>	<u>(9,810,691)</u>	<u>(63,749,945)</u>	<u>(11,618,551)</u>
<u>5,802,955</u>	<u>15,055,860</u>	<u>182,257,570</u>	<u>3,685,704</u>
 174,350	 -	 1,046,158	 -
<u>-</u>	<u>-</u>	<u>2,420,316</u>	<u>-</u>
<u>174,350</u>	<u>-</u>	<u>3,466,474</u>	<u>-</u>
<u>5,977,305</u>	<u>15,055,860</u>	<u>185,724,044</u>	<u>3,685,704</u>
<u>15,222,240</u>	<u>22,334,242</u>	<u>248,789,069</u>	<u>10,305,960</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Net Assets -  
Proprietary Funds (Continued)**

**June 30, 2003**

	<b>Enterprise Funds</b>		
	<b>Water and Sewer Fund</b>	<b>Ground Water Utility Fund</b>	<b>Solid Waste Management Fund</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable:			
Trade	\$ 555,836	\$ 10,050	\$ 279,121
Contracts and retainage	1,105,797	-	-
Due to other funds	92,136	-	-
Due to other governments	153,038	-	-
Accrued liabilities:			
Personnel costs	194,176	16,254	56,916
Interest	270,743	90,065	-
Current portion of long-term liabilities:			
Bonds payable	3,805,622	-	-
Installment obligations	-	590,000	-
Other long-term obligations	351,804	-	-
Accrued vacation and sick leave	344,674	12,331	127,692
Customer and escrow deposits	153,409	4,034	-
Deferred revenues	<u>32,036</u>	<u>32,984</u>	<u>-</u>
Total current liabilities	<u>7,059,271</u>	<u>755,718</u>	<u>463,729</u>
Noncurrent liabilities:			
Bonds payable	49,807,189	-	-
Installment obligations	-	20,127,792	-
Other long-term obligations	<u>279,165</u>	<u>-</u>	<u>-</u>
Total noncurrent portion of long-term liabilities	50,086,354	20,127,792	-
Accrued vacation and sick leave	<u>265,237</u>	<u>7,558</u>	<u>68,495</u>
Total noncurrent liabilities	<u>50,351,591</u>	<u>20,135,350</u>	<u>68,495</u>
Total liabilities	<u>57,410,862</u>	<u>20,891,068</u>	<u>532,224</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	86,370,496	64,087	2,600
Restricted for:			
Capital projects	-	-	-
Water and sewer facility fees	2,287,743	-	-
Unrestricted	<u>40,098,184</u>	<u>1,883,656</u>	<u>1,691,667</u>
Net assets	<u>\$ 128,756,423</u>	<u>\$ 1,947,743</u>	<u>\$ 1,694,267</u>

See notes to financial statements.

<b>Enterprise Funds</b>			Internal Service Funds
Parking Facilities Fund	Other Enterprise Funds	Total	
\$ 7,333	\$ 71,957	\$ 924,297	\$ 44,978
938,349	125,473	2,169,619	-
-	-	92,136	-
-	-	153,038	-
-	72,210	339,556	16,711
39,223	59,135	459,166	-
-	428,522	4,234,144	-
-	-	590,000	-
171,854	22,972	546,630	-
-	119,599	604,296	-
-	7,500	164,943	-
-	64,506	129,526	-
<u>1,156,759</u>	<u>971,874</u>	<u>10,407,351</u>	<u>61,689</u>
-	4,392,348	54,199,537	-
9,232,190	-	29,359,982	-
896,320	47,882	1,223,367	-
10,128,510	4,440,230	84,782,886	-
-	37,540	378,830	69,313
<u>10,128,510</u>	<u>4,477,770</u>	<u>85,161,716</u>	<u>69,313</u>
<u>11,285,269</u>	<u>5,449,644</u>	<u>95,569,067</u>	<u>131,002</u>
2,423,995	10,164,136	99,025,314	3,685,704
-	1,432,734	1,432,734	-
-	-	2,287,743	-
1,512,976	5,287,728	50,474,211	6,489,254
<u>\$ 3,936,971</u>	<u>\$ 16,884,598</u>	<u>\$ 153,220,002</u>	<u>\$ 10,174,958</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Revenues, Expenses and Changes in Fund Net Assets -  
Proprietary Funds**

**Year Ended June 30, 2003**

	<b>Enterprise Funds</b>		
	<b>Water and Sewer Fund</b>	<b>Ground Water Utility Fund</b>	<b>Solid Waste Management Fund</b>
Revenues:			
Charges for services	\$ 19,034,963	\$ 3,498,320	\$ 6,160,974
Other operating revenues	<u>1,687,451</u>	<u>86,221</u>	<u>-</u>
Total operating revenues	<u>20,722,414</u>	<u>3,584,541</u>	<u>6,160,974</u>
Operating expenses:			
Salaries, employee benefits and other personnel costs	6,273,696	523,111	1,957,148
Materials and fuels consumed	1,933,543	52,218	817,935
Services	993,668	82,198	446,203
Utilities	1,201,678	67,948	3,308
Water purchases	513,729	644,216	-
Depreciation	4,350,865	453,962	5,203
Amortization	121,485	18,804	-
Other operating expenses	<u>3,997,892</u>	<u>169,831</u>	<u>3,173,136</u>
Total operating expenses	<u>19,386,556</u>	<u>2,012,288</u>	<u>6,402,933</u>
Operating income (loss)	<u>1,335,858</u>	<u>1,572,253</u>	<u>(241,959)</u>
Nonoperating revenues (expenses):			
Investment earnings	623,938	20,201	26,532
Hurricane disaster assistance	-	-	-
Interest and other charges	(2,940,144)	(1,109,798)	-
Gain on retirement of capital assets	<u>-</u>	<u>-</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>(2,316,206)</u>	<u>(1,089,597)</u>	<u>26,532</u>
Income (loss) before capital contributions and transfers	(980,348)	482,656	(215,427)
Capital contributions	1,862,119	-	-
Transfers from other funds	-	-	743,925
Transfers to other funds	<u>(12,462)</u>	<u>-</u>	<u>-</u>
Change in net assets	869,309	482,656	528,498
Net assets at beginning of year	<u>127,887,114</u>	<u>1,465,087</u>	<u>1,165,769</u>
Net assets at end of year	<u>\$ 128,756,423</u>	<u>\$ 1,947,743</u>	<u>\$ 1,694,267</u>

<b>Enterprise Funds</b>			
Parking Facilities Fund	Other Enterprise Funds	Total	Internal Service Funds
\$ 1,471,820	\$ 6,277,825	\$ 36,443,902	\$ 3,530,984
-	67,721	1,841,393	113,460
<u>1,471,820</u>	<u>6,345,546</u>	<u>38,285,295</u>	<u>3,644,444</u>
-	2,373,792	11,127,747	564,971
-	519,126	3,322,822	9,455
855,865	571,568	2,949,502	812,516
-	25,526	1,298,460	4,072
-	-	1,157,945	-
119,761	1,198,539	6,128,330	1,919,779
6,984	-	147,273	-
<u>16,750</u>	<u>942,836</u>	<u>8,300,445</u>	<u>249,419</u>
<u>999,360</u>	<u>5,631,387</u>	<u>34,432,524</u>	<u>3,560,212</u>
<u>472,460</u>	<u>714,159</u>	<u>3,852,771</u>	<u>84,232</u>
68,352	102,907	841,930	93,753
-	3,083	3,083	-
(86,201)	(243,586)	(4,379,729)	-
-	-	-	26,946
<u>(17,849)</u>	<u>(137,596)</u>	<u>(3,534,716)</u>	<u>120,699</u>
454,611	576,563	318,055	204,931
-	205,413	2,067,532	-
-	-	743,925	104,957
-	(6,000)	(18,462)	(67,445)
454,611	775,976	3,111,050	242,443
<u>3,482,360</u>	<u>16,108,622</u>	<u>150,108,952</u>	<u>9,932,515</u>
<u>\$ 3,936,971</u>	<u>\$ 16,884,598</u>	<u>\$ 153,220,002</u>	<u>\$ 10,174,958</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Cash Flows -  
Proprietary Funds**

**Year Ended June 30, 2003**

	<b>Enterprise Funds</b>		
	Water and Sewer Fund	Ground Water Utility Fund	Solid Waste Management Fund
Cash flows from operating activities:			
Receipts from customers and users	\$ 21,218,918	\$ 3,822,471	\$ 6,237,733
Receipts from interfund services provided	-	-	-
Payments to suppliers	(8,253,658)	(984,628)	(4,229,989)
Payments to or on behalf of employees	(6,302,955)	(516,545)	(1,937,025)
Payments for interfund services used	(392,299)	(43,084)	(213,765)
Net cash provided by (used in) operating activities	<u>6,270,006</u>	<u>2,278,214</u>	<u>(143,046)</u>
Cash flows from noncapital and related financing activities:			
Advances from (to) other funds	1,064,732	(1,071,529)	(17,263)
Transfers from (to) other funds	<u>-</u>	<u>-</u>	<u>743,925</u>
Net cash provided by (used in) noncapital and related financing activities	<u>1,064,732</u>	<u>(1,071,529)</u>	<u>726,662</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(6,299,847)	-	-
Proceeds from installment obligation	-	-	-
Principal payments on bonds	(3,736,770)	-	-
Principal payments on installment obligations	-	(565,000)	-
Principal payments on other long-term obligations	(332,026)	-	-
Interest and other charges	(2,802,776)	(1,111,870)	-
Issuance costs on bonds	-	-	-
Proceeds from retirement of capital assets	-	-	-
Hurricane disaster assistance	-	-	-
Capital contributions	<u>1,862,119</u>	<u>-</u>	<u>-</u>
Net cash provided by (used in) capital and related financing activities	<u>(11,309,300)</u>	<u>(1,676,870)</u>	<u>-</u>
Cash flows from investing activities:			
Investment earnings	<u>629,443</u>	<u>21,813</u>	<u>24,101</u>
Net increase (decrease) in cash and cash equivalents	(3,345,119)	(448,372)	607,717
Cash and cash equivalents at beginning of year	<u>41,144,828</u>	<u>1,400,158</u>	<u>1,588,072</u>
Cash and cash equivalents at end of year	<u>\$ 37,799,709</u>	<u>\$ 951,786</u>	<u>\$ 2,195,789</u>
Reconciliation to combining balance sheet:			
Cash and cash equivalents	\$ 37,799,709	\$ 951,786	\$ 2,195,789
Restricted cash and cash equivalents	<u>-</u>	<u>-</u>	<u>-</u>
Total cash and cash equivalents	<u>\$ 37,799,709</u>	<u>\$ 951,786</u>	<u>\$ 2,195,789</u>

<b>Enterprise Funds</b>			
Parking Facilities Fund	Other Enterprise Funds	Total	Internal Service Funds
\$ 1,413,961	\$ 5,290,518	\$ 37,983,601	\$ 441,388
-	1,117,000	1,117,000	3,263,049
(980,782)	(1,541,144)	(15,990,201)	(1,287,869)
-	(2,377,137)	(11,133,662)	(562,807)
(3,071)	(463,210)	(1,115,429)	-
<u>430,108</u>	<u>2,026,027</u>	<u>10,861,309</u>	<u>1,853,761</u>
6,797	17,263	-	-
<u>-</u>	<u>(6,000)</u>	<u>737,925</u>	<u>-</u>
<u>6,797</u>	<u>11,263</u>	<u>737,925</u>	<u>-</u>
(2,454,222)	(893,395)	(9,647,464)	(785,531)
9,232,190	-	9,232,190	-
-	(267,826)	(4,004,596)	-
-	-	(565,000)	-
(165,360)	(48,993)	(546,379)	-
(76,838)	(245,266)	(4,236,750)	-
(181,334)	-	(181,334)	-
-	-	-	49,404
-	33,683	33,683	-
<u>-</u>	<u>132,413</u>	<u>1,994,532</u>	<u>-</u>
<u>6,354,436</u>	<u>(1,289,384)</u>	<u>(7,921,118)</u>	<u>(736,127)</u>
<u>66,560</u>	<u>90,242</u>	<u>832,159</u>	<u>83,054</u>
6,857,901	838,148	4,510,275	1,200,688
<u>2,322,000</u>	<u>6,256,513</u>	<u>52,711,571</u>	<u>5,304,091</u>
<u>\$ 9,179,901</u>	<u>\$ 7,094,661</u>	<u>\$ 57,221,846</u>	<u>\$ 6,504,779</u>
\$ 2,258,497	\$ 7,094,661	\$ 50,300,442	\$ 6,504,779
<u>6,921,404</u>	<u>-</u>	<u>6,921,404</u>	<u>-</u>
<u>\$ 9,179,901</u>	<u>\$ 7,094,661</u>	<u>\$ 57,221,846</u>	<u>\$ 6,504,779</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Cash Flows -  
Proprietary Funds (Continued)**

**Year Ended June 30, 2003**

	<b>Enterprise Funds</b>		
	<u>Water and Sewer Fund</u>	<u>Ground Water Utility Fund</u>	<u>Solid Waste Management Fund</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 1,335,858	\$ 1,572,253	\$ (241,959)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	4,472,350	472,766	5,203
Changes in assets and liabilities:			
Accounts receivable	374,044	237,348	76,831
Due from other governments	107,695	16	(72)
Inventory of material and supplies	(64,485)	-	-
Accounts payable and accrued liabilities	69,171	(8,713)	3,464
Accrued vacation and sick leave	(39,392)	3,978	13,487
Customer and escrow deposits	13,316	566	-
Deferred revenues	<u>1,449</u>	<u>-</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>\$ 6,270,006</u>	<u>\$ 2,278,214</u>	<u>\$ (143,046)</u>
Supplemental disclosure of noncash investing, capital and related financing activities:			
Capital assets acquired on account	\$ (1,670,767)	\$ -	\$ -
Transfer of capital assets between proprietary funds	(12,462)	-	-
Revenue bond proceeds	6,508,316	-	-
Revenue bonds retired	(6,508,316)	-	-
Capital contributions receivable	-	-	-
Transfer of capital assets from governmental funds	-	-	-



<b>Enterprise Funds</b>			Internal Service Funds
Parking Facilities Fund	Other Enterprise Funds	Total	
\$ 472,460	\$ 714,159	\$ 3,852,771	\$ 84,232
126,745	1,198,539	6,275,603	1,919,779
-	13,626	701,849	59,993
(57,859)	-	49,780	-
-	25,842	(38,643)	(5,644)
(111,238)	22,671	(24,645)	(205,031)
-	2,844	(19,083)	432
-	7,500	21,382	-
-	40,846	42,295	-
<u>\$ 430,108</u>	<u>\$ 2,026,027</u>	<u>\$ 10,861,309</u>	<u>\$ 1,853,761</u>

\$ 938,349	\$ (156,811)	\$ (889,229)	\$ -
-	-	(12,462)	12,462
-	-	6,508,316	-
-	-	(6,508,316)	-
-	(73,000)	(73,000)	-
-	-	-	25,050

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Plan Net Assets -  
Pension Trust Fund**

**June 30, 2003**

**NET ASSETS**

Cash and cash equivalents held in trust for pension benefits

Law  
Enforcement  
Officers  
Pension  
Trust Fund

---

\$ 650,121

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Changes in Plan Net Assets -  
Pension Trust Fund**

**Year Ended June 30, 2003**

	Law Enforcement Officers Pension Trust Fund
Additions:	
Employer contributions	\$ 225,500
Investment earnings	<u>8,689</u>
Total additions	234,189
Deductions:	
Benefit payments	<u>192,127</u>
Change in net assets	42,062
Net assets at beginning of year	<u>608,059</u>
Net assets at end of year	<u>\$ 650,121</u>

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# **CITY OF WILMINGTON, NORTH CAROLINA**

## **Notes to Financial Statements June 30, 2003**

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Wilmington, North Carolina (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

#### **A. REPORTING ENTITY**

The City of Wilmington is a municipal corporation, incorporated in 1739, located in the southeastern corner of North Carolina with a population of 91,907. The City has a Council-Manager form of government with a seven-member council, which includes an elected mayor. As required by generally accepted accounting principles, these financial statements present the City and its component units, legally separate entities for which the City is financially accountable.

Blended component units, although legally separate entities, are in substance part of the government's operations and so data from these units is combined with data of the primary government. The discretely presented component unit, on the other hand, is reported in a separate column in the financial statements to emphasize that it is legally separate from the primary government. One component unit has no financial transactions or account balances and, therefore, does not appear in the financial statements. Each blended and discretely presented component unit has a June 30 year-end.

#### **BLENDED COMPONENT UNITS**

##### **Cape Fear Utilities, Inc. and Quality Water Supplies, Inc.:**

Cape Fear Utilities, Inc. and Quality Water Supplies, Inc., North Carolina nonprofit corporations, exist to provide and maintain a ground water utility system for citizens of Wilmington, North Carolina and the surrounding community. The City is the sole shareholder of each corporation and each of the corporations is governed by a board comprised of members of the City Council. The corporations have no other operations except for services provided to the City and are exempt from income taxes under section 501(c)(3) of the Internal Revenue Code. The rates for user charges and the annual budget of the ground water utility system are approved by the City Council. Therefore the operations of these corporations are combined and reported as an enterprise fund. The corporations do not issue separate financial statements.

##### **Wilmington Future, Inc.:**

Wilmington Future, Inc. (the Corporation), a North Carolina nonprofit corporation, exists to issue tax-exempt obligations pursuant to the Internal Revenue Code of 1986, as amended. The Corporation is governed by a three-member Board of Directors and may, by Board action, dismiss members and appoint up to four additional members. The Corporation has no financial transactions or account balances; therefore, it is not presented in the combined financial statements. The Corporation does not issue separate financial statements.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2003

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### A. REPORTING ENTITY (continued)

##### DISCRETELY PRESENTED COMPONENT UNIT

##### Wilmington Transit Authority:

The Wilmington Transit Authority (Authority) is a mass transportation system that provides bus service within the City of Wilmington and its environs. The Authority was created by the City as an administrative agency to exercise general supervision, regulation and control over public or mass transportation facilities, excluding taxicabs.

The City Council appoints the governing board of the Authority, approves the City's contribution to the operation of the Authority and has the right to approve the management of the Authority. The governing board of the Authority sets the operating budget, passenger fares and schedules for transit services. The City is responsible for financing the deficits of the Authority, debt incurred by the Authority, and is entitled to any surpluses from Authority operations. The Authority, which has a June 30 year-end, is presented as if it were a proprietary fund. The Authority does not issue separate financial statements.

#### B. BASIS OF PRESENTATION

**Government-wide Statements:** The statement of net assets and the statement of activities display information about the primary government and its component unit. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**Fund Financial Statements:** The fund financial statements provide information about the City's funds. Separate statements for each fund category – *governmental*, *proprietary*, and *fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2003

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### B. BASIS OF PRESENTATION (continued)

The City reports the following major governmental funds:

**General Fund.** The General Fund is the general operating fund of the City. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for public safety, street maintenance and construction, parks and recreation and debt service.

**Special Purpose Fund.** The Special Purpose Fund accounts for revenues derived from certain governmental grants or other revenue sources that are designated to finance particular functions or activities of the City.

The City reports the following major proprietary funds:

**Water and Sewer Fund.** This fund accounts for the provision of water and sewer services by the City to all customers not covered by the Ground Water Utility Fund. The Water and Sewer Fund provides service to over 27,314 customers and is designed to be self-supporting.

**Ground Water Utility Fund.** This fund accounts for the water services provided to the customers of Cape Fear Utilities, Inc. and Quality Water Supplies, Inc. The Ground Water Utility Fund provides service to over 14,577 customers and is designed to be self-supporting.

**Solid Waste Management Fund.** This fund accounts for the provision of refuse collection and disposal services by the City.

**Parking Facilities Fund.** This fund accounts for the operation of the City's parking facilities and the on-street parking program.

Additionally, the City reports the following fund types:

**Internal Service Funds.** The City's Internal Service Funds account for fleet management services and replacement of personal computers to other departments of the City on a cost reimbursement basis.

**Pension Trust Fund.** The City's pension trust fund accounts for the Law Enforcement Officers' Special Separation Allowance, a single-employer, defined benefit, public safety employee retirement system.

#### C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

In accordance with North Carolina General Statutes, all funds of the City and the Authority are maintained during the year using the modified accrual basis of accounting.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2003

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (continued)

**Government-wide and Proprietary Fund Financial Statements.** The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

**Governmental Fund Financial Statements.** Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The City considers all revenues available if they are collected within 60 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, New Hanover County is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County, including the City of Wilmington. For motor vehicles registered under the staggered system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, the City's vehicle taxes for vehicles registered in New Hanover County from March 2002 through February 2003 apply to the fiscal year ended June 30, 2003. Uncollected taxes that were billed during this period are shown as a receivable in these financial statements and are offset by deferred revenues. For vehicles registered under the annual system, taxes are due on May 1 of each year. For those vehicles registered and billed under the annual system, uncollected taxes are reported as a receivable on the financial statements and are offset by deferred revenues because the due date and the date upon which interest begins to accrue passed prior to June 30. The taxes for vehicles registered annually that have already been collected as of year-end are also reflected as deferred revenues at June 30, 2003 because they are intended to finance the City's operations during the 2004 fiscal year.



# **CITY OF WILMINGTON, NORTH CAROLINA**

## **Notes to Financial Statements (Continued)**

**June 30, 2003**

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (continued)**

Sales taxes collected and held by the State at year-end on behalf of the City are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues, which are unearned at year-end, are recorded as unearned revenues. Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

As permitted by generally accepted accounting principles, the City has elected to apply only applicable FASB Statements and Interpretations issued on or before November 30, 1989 that do not contradict GASB pronouncements in its accounting and reporting practices for its proprietary operations.

The City has implemented GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* and related standards. These new standards provide for significant changes in terminology and presentation and for the inclusion of Management's Discussion and Analysis as required supplementary information.

#### **D. BUDGETARY DATA**

Budgets for the City and the Authority are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, enterprise funds, internal service funds and the Authority. All annual appropriations lapse at the fiscal-year end. Project ordinances are adopted for special revenue funds and capital projects funds, including the enterprise capital projects funds which are consolidated with the operating funds for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

#### **E. ASSETS, LIABILITIES, NET ASSETS OR EQUITY**

##### **DEPOSITS AND INVESTMENTS**

All deposits of the City and of the Authority are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The City and the Authority may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the City and the Authority may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

# **CITY OF WILMINGTON, NORTH CAROLINA**

## **Notes to Financial Statements (Continued) June 30, 2003**

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **E. ASSETS, LIABILITIES, NET ASSETS OR EQUITY (continued)**

##### **DEPOSITS AND INVESTMENTS (continued)**

All of the City's and the Authority's deposits are either insured or collateralized under the Pooling Method. Under the pooling method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City and the Authority, these deposits are considered to be held by each unit's agent in the unit's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits.

Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the units or the escrow agents. Because of the inability to measure the exact amount of collateral pledged for the units under the Pooling method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

State law [G.S. 159-30(c)] authorizes the City and the Authority to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT).

The City's investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating interest earning investment contracts are reported at cost.

In accordance with State law, the City has invested in securities that are callable and which provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices.

##### **CASH AND CASH EQUIVALENTS**

The City pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

# **CITY OF WILMINGTON, NORTH CAROLINA**

## **Notes to Financial Statements (Continued) June 30, 2003**

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **E. ASSETS, LIABILITIES, NET ASSETS OR EQUITY (continued)**

##### **RESTRICTED ASSETS**

Unexpended bond proceeds from installment obligations of the Parking Facilities Fund are classified as restricted assets because their use is completely restricted to the purpose for which the loan was originally made. Unexpended proceeds from installment obligations of the Capital Projects Funds are classified as restricted assets because the proceeds are restricted by the lender for the purpose for which the loan was made.

##### **AD VALOREM TAXES RECEIVABLE**

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the City levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2002. For collection purposes, taxes receivable are written off at the end of ten years in accordance with North Carolina General Statutes.

##### **ALLOWANCES FOR DOUBTFUL ACCOUNTS**

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

##### **INVENTORY AND PREPAID ITEMS**

Inventories are maintained for major items used by the governmental funds, proprietary funds and the Authority in their operations. They are stated at cost (first-in, first-out) in the governmental funds and at the lower of cost (first-in, first-out) or market in the proprietary funds. Disbursements for inventory-type items in the General Fund are considered to be expenditures for the Central Services Department at the time of purchase. Supplies transferred to and consumed by the individual departments are considered a reduction of Central Services' expenditures and as expenditures of the individual departments. Inventory of the General Fund is shown on the balance sheet with an offsetting contra account, "Reserved for inventories", in the fund balance of the General Fund.

##### **CAPITAL ASSETS**

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, \$10,000; furniture and equipment \$5,000; buildings and improvements, plant structures \$25,000; infrastructure \$100,000. Infrastructure includes streets and drainage systems as well as water and sewer lines. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. Pursuant to GASB Statement No. 34, the City is required to retroactively report all major general infrastructure assets for fiscal years beginning after June 15, 2006. Therefore, general infrastructure assets acquired prior to July 1, 2002 have not been included in these financial statements. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2003

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### E. ASSETS, LIABILITIES, NET ASSETS OR EQUITY (continued)

##### CAPITAL ASSETS (continued)

The City follows the policy of capitalizing interest as a component of the cost of proprietary fund type capital assets constructed for its own use in accordance with the guidelines of Statement of Financial Accounting Standards No. 62, and other related pronouncements. During the year ended June 30, 2003, a total of \$123,865 was capitalized in the Parking Facilities Fund.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset class	Estimated useful lives	
Infrastructure (including water and sewer lines)	50	years
Buildings, plant, structures and improvements	40	years
Improvements other than buildings	20	years
Parking facilities plant and structures	20	years
Vehicles	5	years
Furniture and equipment	5	years

Property and equipment of the Authority is stated at historical cost to the City of Wilmington. The City purchased the property and equipment primarily with capital grants awarded to the City. For financial reporting purposes, these assets are transferred to the Authority at the City's cost; however, the City retains legal ownership of the assets.

When capital grant assets are disposed of, the federal government, through the Federal Transit Administration (FTA) program, must receive its proportional share of the fair market value of the assets. Property, plant and equipment is depreciated in the proprietary fund of the Authority using the straight-line method over the following estimated useful lives:

Asset class	Estimated useful lives	
Plant and structures	20	years
Building improvements	10	years
Buses	10	years
Furniture, fixtures, machinery and equipment	5	years
Communications equipment	8	years

#### INTANGIBLE ASSETS

Intangible assets consist of water availability rights under an agreement the City entered into with a regional public authority. The agreement makes available to the City fifteen million gallons per day of raw water. The availability rights are being amortized over forty years, the life of the agreement.

# **CITY OF WILMINGTON, NORTH CAROLINA**

## **Notes to Financial Statements (Continued) June 30, 2003**

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **E. ASSETS, LIABILITIES, NET ASSETS OR EQUITY (continued)**

##### **ESTIMATED LIABILITY FOR ACCIDENT AND DAMAGE CLAIMS**

The Authority maintains a self-insurer's retention of \$100,000 per occurrence for liability coverage. Periodic provisions for accident and damage claims are charged to operations based on an analysis of individual claims pending in accordance with Statement of Financial Accounting Standards No. 5. Claims are charged against the estimated liability when paid. An estimated liability of \$36,000 has been recorded as of June 30, 2003.

##### **LONG-TERM OBLIGATIONS**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The City has entered into an interest rate swap agreement to modify interest rates on outstanding debt in the Water and Sewer Fund. Other than the net interest expense resulting from the agreement, no amounts are recorded in the financial statements.

##### **COMPENSATED ABSENCES**

Under the City's current personnel ordinance, full-time employees may accumulate thirty vacation days and be paid for any unused days upon termination of employment. Full time employees receive up to eleven paid holidays per year. If scheduled holidays can not be taken, employees may accumulate up to twenty days and be paid for any unused days upon termination of employment. Sick leave credits can be accumulated indefinitely and employees with five years continuous service shall be paid for 25% of their unused sick leave upon termination of employment.

For the City's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The City has assumed a first-in, first-out method of using accumulated compensated time. The portion of the time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements. The Authority does not have any employees, as all personnel are employed by the management company.

# **CITY OF WILMINGTON, NORTH CAROLINA**

## **Notes to Financial Statements (Continued) June 30, 2003**

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **E. ASSETS, LIABILITIES, NET ASSETS OR EQUITY (continued)**

##### **MEDICAL SELF-INSURANCE PROGRAM**

The City is currently a self-insurer for group medical insurance. The City has contracted with Blue Cross and Blue Shield of North Carolina to administer the program. In addition, the City has a contract with HCC Benefits Corporation to provide for individual stop-loss and aggregate stop-loss charges and partial pooling of claims above a specified amount. The individual stop-loss and aggregate stop-loss provides a method by which the group limits claims charged to its account to 125% of expected claims. The partial pooling – specific loss pooling provides that during any one contract period the total accumulated claims expense paid for any one participant above \$75,000 will not be charged to the group during the remainder of that contract period for that participant. A provision of \$825,360 for estimated claims incurred but not reported as of June 30, 2003, is accrued in accordance with the guidelines of GASB Statement No. 10.

##### **WORKERS' COMPENSATION SELF-INSURANCE PROGRAM**

The City is currently a self-insurer for workers' compensation insurance. The City has contracted with Key Risk, Inc., a provider of claims administrative services, to administer the program. The program provides that the City would be responsible for the first \$250,000 of cost and/or benefits payable to employees resulting from any one accident or event, regardless of the number of persons injured. Specific excess reinsurance would provide coverage above \$250,000 up to maximum limits provided under the North Carolina Workers' Compensation Act. In addition, aggregate excess reinsurance would provide protection against cumulative retained losses during the year, capping retained losses at \$5,000,000. A provision of \$713,051 for estimated claims incurred as of June 30, 2003, is accrued in accordance with the guidelines of GASB Statement No. 10.

##### **NET ASSETS/FUND BALANCES**

Net assets in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

In the governmental fund financial statements, reservations of fund balance represent amounts that cannot be appropriated or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

State law [G.S. 159-13(b)(16)] restricts appropriation of fund balance for the subsequent year's budget to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2003

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### E. ASSETS, LIABILITIES, NET ASSETS OR EQUITY (continued)

##### NET ASSETS/FUND BALANCES (continued)

The governmental fund types classify fund balances as follows:

##### Reserved:

Reserved for encumbrances - portion of fund balance available to pay for commitments related to purchase orders or contracts which remain unperformed at year-end.

Reserved for inventories - portion of fund balance that is not available for appropriation because it represents the year-end fund balance of ending inventories, which are not expendable, available resources.

Reserved by State statute - portion of fund balance, in addition to reserves for encumbrances and reserves for inventories, which is not available for appropriation under State law [G.S. 159-8(a)]. This amount is usually comprised of accounts receivable and interfund receivables, which have not been offset by deferred revenues.

Reserved for loans - portion of fund balance that is not available for appropriation because it represents the year-end fund balance of notes receivable, which are not expendable, available resources.

Reserved for firemen's relief - portion of fund balance that has been specifically set-aside to fund firemen's benefits.

Reserved for capital projects - represents the proceeds of debt obligations used to finance major capital improvements not yet completed and funds accumulated for future capital projects.

##### Unreserved:

The unreserved portion of fund balance is further detailed as either designated for a specific purpose or undesignated. The amount of fund balance designated for specific purposes are as follows:

Subsequent year's expenditures	\$ 1,020,276
Self insurance	750,000
Capital projects	3,000,000
Land acquisitions	<u>3,200,000</u>
	<u>\$ 7,970,276</u>

Undesignated - portion of total fund balance available for appropriation that is uncommitted at year-end.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2003

### NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

#### A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUNDS BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS

The governmental funds balance sheet includes a reconciliation between total fund balances – governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One item of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of that item are as follows:

Bonds payable	\$ 16,644,492
Installment obligations	16,322,811
Less deferred charge for unamortized issuance costs	(82,058)
Accrued interest payable	366,347
Other long-term obligations	7,719,888
Accrued vacation and sick leave	<u>4,470,403</u>
	<u>\$ 45,441,883</u>

#### B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

The governmental funds statement of revenues, expenditures and changes in fund balances includes a reconciliation between net change in fund balances – total governmental funds and changes in net assets – governmental activities as reported in the government-wide statement of activities. One item of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” Another item of that reconciliation states that “this is the amount by which capital outlays exceeded depreciation in the current period, including amounts for donations and disposals.” The details of those items are as follows:

Capital outlay	\$ 6,523,913
Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	913,608
Transfers of capital assets to proprietary funds decrease net assets in the statement of activities, but do not appear in governmental funds because they are not financial resources.	(25,050)
Depreciation expense	<u>(2,333,518)</u>
	<u>\$ 5,078,953</u>



# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2003

### NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

#### B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES (continued)

Another item of that reconciliation states that “revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The details of this item are as follows:

Accrued interest receivable	\$ 165,359
Tax and other receipts deferred in funds	<u>67,201</u>
	<u>\$ 232,560</u>

Another element of that reconciliation states that “the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds”. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this item are as follows:

Debt issued:	
Issuance of installment obligation	\$ (4,237,811)
Issuance costs (to be amortized over the life of the obligation)	85,340
Principal payments:	
Bonds payable	2,324,737
Installment obligations	1,937,411
Amortization of issuance costs	<u>(3,282)</u>
	<u>\$ 106,395</u>

Another item of that reconciliation states that “some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of this item are as follows:

Accrued vacation and sick leave	\$ (183,063)
Accrued interest payable	<u>56,707</u>
	<u>\$ (126,356)</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2003

### NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### FUND BALANCE DEFICITS IN INDIVIDUAL FUNDS

The unreserved, undesignated fund balances in the governmental fund types includes a deficit of \$3,499,101 in the Special Purpose Fund, \$235,004 in the Community Development Fund, \$619,997 in the Home Investment Partnership Fund, and \$629,452 in the Building Improvements Fund. The Special Purpose Fund, Community Development Fund and the Home Investment Partnership Fund are included in the Special Revenue Funds. The Building Improvements Fund is included in the Capital Projects Funds. The deficit in the Special Revenue Funds will be eliminated with future reimbursements of federal and state grant funds. Deficits reported in the Capital Projects Funds will be eliminated with proceeds from the issuance of installment obligations during the year ended June 30, 2004.

### NOTE 4 – DETAIL NOTES ON ALL FUNDS

#### A. ASSETS

##### DEPOSITS AND INVESTMENTS

At June 30, 2003, the City's deposits had a carrying amount of \$1,257,072. The bank balance at June 30, 2003 was \$2,314,778. Of the bank balance, \$100,000 was covered by federal depository insurance and \$2,214,778 was covered by collateral held under the Pooling Method. Cash on hand at June 30, 2003, was \$7,740.

At June 30, 2003, the Authority's deposits had a carrying value and a bank balance of \$28,304. The bank balance at June 30, 2003 was covered by federal depository insurance.

The City's investments are categorized to give an indication of the level of custodial risk assumed by the City at year-end. Investments are categorized as either (a) insured or registered or for which the securities are held by the City or its agent in the City's name, (b) uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name or (c) uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the City's name. Investments in the North Carolina Capital Management Trust are exempt from risk categorization because the City does not own any identifiable securities, but is a shareholder of a percentage of the fund.

	A	B	C	Reported Value	Fair Value
United States Government					
Agency Securities	\$ 76,059,591	\$ -	\$ -	\$ 76,059,591	\$ 76,059,591
Commercial paper	4,187,442	-	-	4,187,442	4,187,442
	<u>\$ 80,247,033</u>	<u>\$ -</u>	<u>\$ -</u>	<u>80,247,033</u>	<u>80,247,033</u>
North Carolina Capital Management Trust				<u>28,038,041</u>	<u>28,038,041</u>
Total investments				<u>\$ 108,285,074</u>	<u>\$ 108,285,074</u>

At June 30, 2003, the Authority had no investments.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2003

### NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

#### A. ASSETS (continued)

#### RECEIVABLES

Receivables at the government-wide level at June 30, 2003, were as follows:

	Taxes	Accounts	Other Governments	Notes	Other	Total
Governmental activities:						
General	\$ 1,748,215	\$ 115,124	\$ 3,505,262	\$ 462,598	\$ -	\$ 5,831,199
Other governmental	-	47,952	4,545,694	11,647,050	166,868	16,407,564
Total receivables	1,748,215	163,076	8,050,956	12,109,648	166,868	22,238,763
Allowance for doubtful accounts	(594,041)	-	-	-	-	(594,041)
Total governmental activities	<u>\$ 1,154,174</u>	<u>\$ 163,076</u>	<u>\$ 8,050,956</u>	<u>\$ 12,109,648</u>	<u>\$ 166,868</u>	<u>\$ 21,644,722</u>
Business-type activities:						
Water and Sewer	\$ -	\$ 4,128,875	\$ 103,782	\$ -	\$ 603,359	\$ 4,836,016
Ground Water Utility	-	658,583	44	-	3,003	661,630
Solid Waste Management	-	324,307	243	-	6,929	331,479
Parking Facilities	-	-	57,909	-	7,125	65,034
Other enterprise funds	-	-	82,253	-	22,388	104,641
Total receivables	-	5,111,765	244,231	-	642,804	5,998,800
Allowance for doubtful accounts	-	(1,423,511)	-	-	-	(1,423,511)
Total business-type activities	<u>\$ -</u>	<u>\$ 3,688,254</u>	<u>\$ 244,231</u>	<u>\$ -</u>	<u>\$ 642,804</u>	<u>\$ 4,575,289</u>

The amount due from other governments consists of the following:

Governmental activities:	
Local government sales and use taxes	\$ 2,713,039
Refund of sales and use tax paid	405,749
New Hanover County	109,544
Other grants and reimbursements	4,822,624
	<u>\$ 8,050,956</u>

Business-type activities:	
Refund of sales and use tax paid	\$ 99,581
Other grants and reimbursements	144,650
	<u>\$ 244,231</u>

The Authority's receivables consist of the following:

Refund of sales and use tax paid	\$ 12,461
Other reimbursements	62,568
	<u>\$ 75,029</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2003

### NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

#### A. ASSETS (continued)

#### CAPITAL ASSETS

Capital asset activity for the primary government for the year ended June 30, 2003, was as follows:

	July 1, 2002	Increases	Decreases	Transfers	June 30, 2003
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 7,480,147	\$ -	\$ -	\$ -	\$ 7,480,147
Construction in progress	-	1,719,625	-	-	1,719,625
Total capital assets not being depreciated	<u>7,480,147</u>	<u>\$ 1,719,625</u>	<u>\$ -</u>	<u>\$ -</u>	<u>9,199,772</u>
Capital assets being depreciated:					
Improvements other than buildings	5,956,612	\$ 1,811,630	\$ -	\$ -	7,768,242
Buildings, plant and structures	34,411,838	389,647	-	-	34,801,485
Furniture, fixtures, machinery and equipment	24,139,358	1,109,859	(773,692)	(14,438)	24,461,087
Streets and drainage	-	3,192,291	-	-	3,192,291
Total capital assets being depreciated	<u>64,507,808</u>	<u>\$ 6,503,427</u>	<u>\$ (773,692)</u>	<u>\$ (14,438)</u>	<u>70,223,105</u>
Less accumulated depreciation for:					
Improvements other than buildings	1,412,999	\$ 343,815	\$ -	\$ -	1,756,814
Buildings, plant and structures	7,885,559	822,539	-	-	8,708,098
Furniture, fixtures, machinery and equipment	16,256,581	3,055,020	(751,234)	(26,900)	18,533,467
Streets and drainage	-	31,923	-	-	31,923
Total accumulated depreciation	<u>25,555,139</u>	<u>\$ 4,253,297</u>	<u>\$ (751,234)</u>	<u>\$ (26,900)</u>	<u>29,030,302</u>
Total capital assets being depreciated, net	<u>38,952,669</u>				<u>41,192,803</u>
Governmental activities capital assets, net	<u>\$ 46,432,816</u>				<u>\$ 50,392,575</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

General government	\$ 456,430
Public safety	1,236,959
Transportation	63,784
Economic and physical development	3,536
Cultural and recreational	572,809
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>1,919,779</u>
	<u>\$ 4,253,297</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2003

### NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

#### A. ASSETS (continued)

#### CAPITAL ASSETS (continued)

Capital asset activity for the business-type activities for the year ended June 30, 2003, was as follows:

	July 1, 2002	Increases	Decreases	Transfers	June 30, 2003
Business-type activities:					
Water and sewer:					
Capital assets not being depreciated:					
Land	\$ 1,944,444	\$ -	\$ -	\$ -	\$ 1,944,444
Construction in progress	<u>2,979,990</u>	<u>1,055,916</u>	<u>-</u>	<u>(652,795)</u>	<u>3,383,111</u>
Total capital assets not being depreciated	<u>4,924,434</u>	<u>\$ 1,055,916</u>	<u>\$ -</u>	<u>\$ (652,795)</u>	<u>5,327,555</u>
Capital assets being depreciated:					
Buildings, plant and structures	83,758,688	\$ 1,192,652	\$ -	\$ 242,256	85,193,596
Water and sewer lines	95,829,264	2,313,433	-	410,539	98,553,236
Furniture, fixtures, machinery and equipment	<u>2,225,107</u>	<u>67,079</u>	<u>(7,922)</u>	<u>14,438</u>	<u>2,298,702</u>
Total capital assets being depreciated	<u>181,813,059</u>	<u>\$ 3,573,164</u>	<u>\$ (7,922)</u>	<u>\$ 667,233</u>	<u>186,045,534</u>
Less accumulated depreciation for:					
Buildings, plant and structures	20,270,531	\$ 2,082,897	\$ -	\$ -	22,353,428
Water and sewer lines	24,684,121	1,859,651	-	-	26,543,772
Furniture, fixtures, machinery and equipment	<u>1,434,318</u>	<u>408,317</u>	<u>(7,922)</u>	<u>26,900</u>	<u>1,861,613</u>
Total accumulated depreciation	<u>46,388,970</u>	<u>\$ 4,350,865</u>	<u>\$ (7,922)</u>	<u>\$ 26,900</u>	<u>50,758,813</u>
Total capital assets being depreciated, net	<u>135,424,089</u>				<u>135,286,721</u>
Water and sewer capital assets, net	<u>140,348,523</u>				<u>140,614,276</u>
Ground water:					
Capital assets not being depreciated:					
Land	<u>368,464</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>368,464</u>
Capital assets being depreciated:					
Buildings, plant and structures	2,738,955	\$ -	\$ -	\$ -	2,738,955
Water and sewer lines	<u>19,261,958</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,261,958</u>
Total capital assets being depreciated	<u>22,000,913</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>22,000,913</u>
Less accumulated depreciation for:					
Buildings, plant and structures	171,185	\$ 68,474	\$ -	\$ -	239,659
Water and sewer lines	<u>962,351</u>	<u>385,488</u>	<u>-</u>	<u>-</u>	<u>1,347,839</u>
Total accumulated depreciation	<u>1,133,536</u>	<u>\$ 453,962</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,587,498</u>
Total capital assets being depreciated, net	<u>20,867,377</u>				<u>20,413,415</u>
Ground water capital assets, net	<u>21,235,841</u>				<u>20,781,879</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2003

### NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

#### A. ASSETS (continued)

##### CAPITAL ASSETS (continued)

	July 1, 2002	Increases	Decreases	Transfers	June 30, 2003
Solid waste:					
Capital assets being depreciated:					
Furniture, fixtures, machinery and equipment	\$ 26,000	\$ -	\$ -	\$ -	\$ 26,000
Less accumulated depreciation for:					
Furniture, fixtures, machinery and equipment	18,197	\$ 5,203	\$ -	\$ -	23,400
Solid waste capital assets, net	<u>7,803</u>				<u>2,600</u>
Storm water:					
Capital assets not being depreciated:					
Construction in progress	584,030	\$ 692,306	\$ -	\$ -	1,276,336
Capital assets being depreciated:					
Buildings, plant and structures	21,882,594	\$ 38,778	\$ -	\$ -	21,921,372
Furniture, fixtures, machinery and equipment	107,760	-	-	-	107,760
Total capital assets being depreciated	<u>21,990,354</u>	<u>\$ 38,778</u>	<u>\$ -</u>	<u>\$ -</u>	<u>22,029,132</u>
Less accumulated depreciation for:					
Buildings, plant and structures	7,878,424	\$ 1,095,099	\$ -	\$ -	8,973,523
Furniture, fixtures, machinery and equipment	46,168	16,673	-	-	62,841
Total accumulated depreciation	<u>7,924,592</u>	<u>\$ 1,111,772</u>	<u>\$ -</u>	<u>\$ -</u>	<u>9,036,364</u>
Total capital assets being depreciated, net	<u>14,065,762</u>				<u>12,992,768</u>
Storm water capital assets, net	<u>14,649,792</u>				<u>14,269,104</u>
Golf:					
Capital assets not being depreciated:					
Land	109,393	\$ -	\$ -	\$ -	109,393
Capital assets being depreciated:					
Improvements other than buildings	739,576	\$ -	\$ -	\$ -	739,576
Buildings, plant and structures	290,903	-	-	-	290,903
Furniture, fixtures, machinery and equipment	415,711	5,500	-	-	421,211
Total capital assets being depreciated	<u>1,446,190</u>	<u>\$ 5,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,451,690</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2003

### NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

#### A. ASSETS (continued)

##### CAPITAL ASSETS (continued)

	July 1, 2002	Increases	Decreases	Transfers	June 30, 2003
Golf: (continued)					
Less accumulated depreciation for:					
Improvements other than buildings	\$ 293,682	\$ 36,979	\$ -	\$ -	\$ 330,661
Buildings, plant and structures	122,679	5,262	-	-	127,941
Furniture, fixtures, machinery and equipment	271,199	44,526	-	-	315,725
Total accumulated depreciation	687,560	\$ 86,767	\$ -	\$ -	774,327
Total capital assets being depreciated, net	758,630				677,363
Golf capital assets, net	868,023				786,756
 Parking facilities:					
Capital assets not being depreciated:					
Land	1,355,954	\$ -	\$ -	\$ -	1,355,954
Construction in progress	274,709	3,392,571	-	-	3,667,280
Total capital assets not being depreciated	1,630,663	\$ 3,392,571	\$ -	\$ -	5,023,234
Capital assets being depreciated:					
Buildings, plant and structures	2,293,727	\$ -	\$ -	\$ -	2,293,727
Furniture, fixtures, machinery and equipment	55,537	-	-	-	55,537
Total capital assets being depreciated	2,349,264	\$ -	\$ -	\$ -	2,349,264
Less accumulated depreciation for:					
Buildings, plant and structures	1,414,461	\$ 114,686	\$ -	\$ -	1,529,147
Water and sewer lines	-	-	-	-	-
Furniture, fixtures, machinery and equipment	35,321	5,075	-	-	40,396
Total accumulated depreciation	1,449,782	\$ 119,761	\$ -	\$ -	1,569,543
Total capital assets being depreciated, net	899,482				779,721
Parking facilities capital assets, net	2,530,145				5,802,955
 Business-type activities capital assets, net	\$ 179,640,127				\$ 182,257,570

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2003

### NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

#### A. ASSETS (continued)

#### CAPITAL ASSETS (continued)

#### CONSTRUCTION COMMITMENTS

The City has active construction projects at June 30, 2003. At year-end the City's commitments with contractors are as follows:

Governmental funds:		
Special Revenue		\$ 59,216
Capital Projects		<u>4,407,622</u>
Total governmental funds		<u>\$ 4,466,838</u>
Enterprise funds:		
Water and Sewer		\$ 5,709,241
Parking Facilities		5,996,982
Stormwater Management		<u>699,508</u>
Total enterprise funds		<u>\$ 12,405,731</u>

#### DISCRETELY PRESENTED COMPONENT UNIT

Activity for the Wilmington Transit Authority for the year ended June 30, 2003, was as follows:

	July 1, 2002	Increases	Decreases	June 30, 2003
Capital assets not being depreciated:				
Land	\$ 26,070	\$ -	\$ -	\$ 26,070
Capital assets being depreciated:				
Improvements other than buildings	268,229	\$ -	\$ -	268,229
Buildings, plant and structures	271,318	-	-	271,318
Furniture, fixtures, machinery and equipment	<u>3,467,143</u>	<u>3,777,308</u>	<u>401,545</u>	<u>6,842,906</u>
Total capital assets being depreciated	<u>4,006,690</u>	<u>\$ 3,777,308</u>	<u>\$ 401,545</u>	<u>7,382,453</u>
Less accumulated depreciation for:				
Improvements other than buildings	121,957	\$ 18,353	\$ -	140,310
Buildings, plant and structures	225,117	5,772	-	230,889
Furniture, fixtures, machinery and equipment	<u>2,860,073</u>	<u>111,299</u>	<u>400,745</u>	<u>2,570,627</u>
Total accumulated depreciation	<u>3,207,147</u>	<u>\$ 135,424</u>	<u>\$ 400,745</u>	<u>2,941,826</u>
Total capital assets being depreciated, net	<u>799,543</u>			<u>4,440,627</u>
Authority capital assets, net	<u>\$ 825,613</u>			<u>\$ 4,466,697</u>



# **CITY OF WILMINGTON, NORTH CAROLINA**

## **Notes to Financial Statements (Continued) June 30, 2003**

### **NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)**

#### **B. LIABILITIES**

##### **PENSION PLAN OBLIGATIONS**

###### **1. Local Governmental Employees' Retirement System**

*Plan Description.* The City of Wilmington contributes to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

*Funding Policy.* Plan members are required to contribute six percent of their annual covered salary. The City is required to contribute at an actuarially determined rate. For the City, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.80% and 4.78%, respectively, of annual covered payroll. The contribution requirements of members and of the City are established and may be amended by the North Carolina General Assembly.

The City's contributions to LGERS for the years ended June 30, 2003, 2002, and 2001 were \$1,755,109, \$1,700,003, and \$1,591,464, respectively. The contributions made by the City equaled the required contributions for each year.

###### **2. Law Enforcement Officers' Special Separation Allowance**

###### *a. Plan Description.*

The City of Wilmington administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Separation Allowance is included in the City's financial statements as a pension trust fund. The Separation Allowance does not issue separate financial statements.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2003

### NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

#### B. LIABILITIES (continued)

#### PENSION PLAN OBLIGATIONS (continued)

#### 2. Law Enforcement Officers' Special Separation Allowance (continued)

##### a. Plan Description. (continued)

All full-time law enforcement officers of the City are covered by the Separation Allowance. At December 31, 2002, the Separation Allowance's membership consisted of:

Retirees currently receiving benefits	19
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>252</u>
Total	<u><u>271</u></u>

##### b. Summary of Significant Accounting Policies:

*Basis of Accounting.* Financial statements for the Separation Allowance are prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and when the City has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the plan.

*Methods used to Value Investments.* Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price on the government's balance sheet date. Securities without an established market are reported at estimated fair value.

##### c. Contributions.

The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned by making contributions based on actuarial valuations. For the current year, the City contributed \$225,500 or 2.58% of annual covered payroll. There were no contributions made by employees. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly.

The annual required contribution for the current year was determined as part of the December 31, 2001 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return and (b) projected salary increases ranging from 5.9% to 9.8% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include postretirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of pay on a closed basis. The remaining amortization period at December 31, 2001 was 29 years.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2003

### NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

#### B. LIABILITIES (continued)

#### PENSION PLAN OBLIGATIONS (continued)

#### 2. Law Enforcement Officers' Special Separation Allowance (continued)

##### c. Contributions. (continued)

*Annual Pension Cost and Net Pension Obligation.* The City's annual pension cost and net pension obligation (asset) in regards to the Separation Allowance for the current year are as follows:

Annual required contribution	\$ 247,189
Interest on net pension obligation	(25,381)
Adjustment to annual required contribution	18,806
Annual pension cost	<u>240,614</u>
Contributions made	225,500
Change in net pension obligation (asset)	<u>15,114</u>
Net pension obligation (asset) beginning of year	<u>(350,582)</u>
Net pension obligation (asset) end of year	<u><u>\$ (335,468)</u></u>

#### Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percent of APC Contributed	Net Pension Obligation (Asset)
June 30, 2001	\$ 182,094	109.83 %	\$ (349,340)
June 30, 2002	224,258	100.55	(350,582)
June 30, 2003	240,614	93.72	(335,468)

#### 3. Supplemental Retirement Income Plan for Law Enforcement Officers

*Plan Description.* The City contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the City. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

# **CITY OF WILMINGTON, NORTH CAROLINA**

## **Notes to Financial Statements (Continued) June 30, 2003**

### **NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)**

#### **B. LIABILITIES (continued)**

#### **PENSION PLAN OBLIGATIONS (continued)**

##### **3. Supplemental Retirement Income Plan for Law Enforcement Officers (continued)**

*Funding Policy.* Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. For the year ended June 30, 2003 the City's required contribution was \$462,424 for the law enforcement officers.

The City has elected to make contributions on behalf of all employees to the Supplemental Retirement Income Plan or the 457 Deferred Compensation Plan, discussed below. The City's contribution is 4.5% of covered payroll and contributions are made to the plan selected by the employee. The City Council established the contribution and can amend or discontinue it at any time. Employees can also make voluntary contributions to these plans.

Employer contributions to the Supplemental Retirement Income Plan, excluding required contributions for law enforcement officers, totaled \$902,145 for the year ended June 30, 2003. Employee contributions to this plan, including law enforcement officers, included in salary expense for the year ended June 30, 2003, were \$579,233.

##### **4. Firemen's Pension Fund**

*Plan Description.* The State of North Carolina contributes, on behalf of the City of Wilmington, to the Firemen's and Rescue Squad Workers' Pension Fund (Fund), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The Fund provides pension benefits for eligible fire and rescue squad workers that have elected to become members of the fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Firemen's and Rescue Squad Workers' Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

*Funding Policy.* Plan members are required to contribute \$10 per month to the Fund. The State, a non-employer contributor, funds the plan through appropriations. The City does not contribute to the Fund. Contribution requirements of plan members and the State of North Carolina are established and may be amended by the North Carolina General Assembly.

#### **DEFERRED COMPENSATION PLAN**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is administered by the International City Managers' Association Retirement Corporation. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergencies. All assets of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries.

# **CITY OF WILMINGTON, NORTH CAROLINA**

## **Notes to Financial Statements (Continued)** **June 30, 2003**

### **NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)**

#### **B. LIABILITIES (continued)**

##### **DEFERRED COMPENSATION PLAN (continued)**

The City provides a contribution of 3% of covered payroll to the 457 Deferred Compensation Plan for fire fighters. The City also matches the contributions made by the fire fighters to the 457 Deferred Compensation Plan up to 3% of covered payroll. The City Council established both the 3% contribution and the matching contribution and may amend or discontinue them at any time. Contributions by fire fighters to the plan, included in salary expense for the year ended June 30, 2003, were \$322,618 that was matched by the City.

Employer contributions to the 457 Deferred Compensation Plan totaled \$1,153,970 for the year ended June 30, 2003. This amount included the 3% contribution and matching contributions for fire fighters as well as the 4.5% employer contribution available to all employees. Employee contributions to the plan, excluding the fire fighter's 3% deferral, included in salary expense for the year ended June 30, 2003, were \$161,856.

##### **OTHER POST-EMPLOYMENT BENEFITS**

In addition to providing pension benefits, the City of Wilmington has voluntarily elected to provide post-retirement health benefits to retirees of the City who participate in the North Carolina Local Government Employees' Retirement System (System) and have at least five years of creditable service with the City. The City shares the cost of coverage for these benefits with the retiree by paying claims under its medical self-insurance program and charging participants a copayment amount. Expenditures for post-employment health care benefits are recognized as retirees report claims and include a provision for actual claims and claims not yet reported. Also, retirees can purchase coverage for their dependents at group rates. Currently, 89 retirees participate in the post-retirement health benefits. Total City expenditures were \$681,470 for the year ended June 30, 2003, net of \$131,549 received from participants.

The City has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$20,000. All death benefit payments are made from the Death Benefit Plan. The City has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payrolls, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the City, the City does not determine the number of eligible participants. For the fiscal year ended June 30, 2003, the City made contributions to the State for death benefits of \$12,948. The City is not required to contribute for employees not engaged in law enforcement. For law enforcement officers the City's contribution represented .14% of covered payroll. The contributions to the Death Benefit Plan cannot be separated between the postemployment benefit amount and the other benefit amount.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued)

June 30, 2003

### NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

#### B. LIABILITIES (continued)

#### LONG-TERM DEBT

##### General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds, which pledge the full faith, credit, and taxing power of the City, have been issued for both governmental and business-type activities. General obligation bonds issued for governmental activity purposes are serviced by the General Fund. Those bonds reported in the business-type activities are expected to be repaid from revenues of the proprietary funds.

General obligation bonds currently outstanding are as follows:

Purpose	Interest Rates	Amount
Governmental activities	4.50% - 5.25%	\$ 7,329,132
Governmental activities - refunding	4.00% - 5.75%	9,315,360
Business-type activities	4.50% - 5.70%	5,585,868
Business-type activities - refunding	4.00% - 5.75%	34,544,640
		<u>\$ 56,775,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2004	\$ 2,282,174	\$ 803,477	\$ 3,337,826	\$ 1,660,543
2005	2,119,637	696,923	3,435,363	1,503,359
2006	2,075,573	597,539	3,094,427	1,355,402
2007	1,957,804	499,841	3,107,197	1,225,369
2008	2,068,336	407,503	3,421,664	1,096,079
2009-2013	4,148,098	1,031,228	18,371,901	3,204,663
2014-2018	1,992,870	292,393	5,362,130	295,679
	<u>\$ 16,644,492</u>	<u>\$ 4,328,904</u>	<u>\$ 40,130,508</u>	<u>\$ 10,341,094</u>

##### Defeased Bonds

In prior years, the City deferred General Obligation Bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old debt. Accordingly, the trust account assets and the liabilities for the deferred bonds are not included in the City's financial statements. At June 30, 2003, \$25,535,000 of General Obligation Bonds outstanding is considered defeased.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2003

### NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

#### B. LIABILITIES (continued)

#### LONG-TERM DEBT (continued)

##### Revenue Bonds

The City has \$13,995,000 in outstanding tax exempt 1999 revenue bonds bearing interest payable semi-annually at fixed rates from 4.5% to 5.75%. Principal is payable in varying amounts through 2019. The City exchanged its tax-exempt 1998 revenue bonds for a tax-exempt 2003 revenue bond of which \$6,252,335 is outstanding at June 30, 2003. The 2003 revenue bond bears interest payable semi-annually at a fixed rate of 3.65%. Principal is payable in varying amounts through 2019. Net revenues of the Water and Sewer Fund (a business-type activity) are pledged as security for the revenue bonds. Principal and interest requirements will be provided by appropriation in the year in which they become due.

Certain covenants are contained in the revenue bond orders, among the most restrictive of which provides that the City maintain a long-term debt service coverage ratio, as defined, of not less than 1.20. The City was in compliance with the covenants during the fiscal year ended June 30, 2003.

Debt service requirements to maturity are as follows:

Year Ending June 30	Business-type Activities	
	Principal	Interest
2004	\$ 896,318	\$ 968,667
2005	932,601	930,834
2006	974,299	890,231
2007	1,016,428	847,142
2008	1,064,004	801,491
2009-2013	6,100,479	3,220,317
2014-2018	7,742,099	1,574,066
2019	1,521,107	75,640
	<u>\$ 20,247,335</u>	<u>\$ 9,308,388</u>

##### Installment Obligations

In February 2003, the City issued a total of \$13,470,000 in tax-exempt Certificates of Participation. The certificates bear interest, paid semi-annually, at fixed rates from 2.00% to 5.00% in varying maturities through 2028. A total of \$9,232,190 of the proceeds is being used to construct parking decks. The debt is accounted for in the Parking Facilities Fund, a business-type activity of the City. The balance of the proceeds, \$4,237,810 is being used to construct an operations center and extend the City's riverwalk. The debt is accounted for in the City's government-type activities.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued)

June 30, 2003

### NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

#### B. LIABILITIES (continued)

#### LONG-TERM DEBT (continued)

##### Installment Obligations (continued)

Certificates of Participation, all tax-exempt, have been issued in prior years for purchase of real property, construction of public facilities and the acquisition of two private water systems. Outstanding certificates bear interest, payable semi-annually, at fixed rates from 3.5% to 5.35% with varying maturities through 2028.

At June 30, 2003 the principal balance of Certificates of Participation accounted for in government-type activities was \$16,322,811. Principal and interest requirements will be provided by appropriation in the General Fund in the year they become due.

The outstanding principal balance of Certificates of Participation accounted for in the business-type activities totaled \$30,157,190 at June 30, 2003. A total of \$9,232,190 is accounted for in the Parking Facilities Fund. The remaining \$20,925,000 in principal balance is accounted for in the Ground Water Utility Fund. Principal and interest requirements will be provided by appropriation in these funds in the year in which they become due.

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2004	\$ 865,000	\$ 758,435	\$ 590,000	\$ 1,471,265
2005	900,000	724,475	780,000	1,444,715
2006	925,000	688,367	810,000	1,413,433
2007	965,000	650,271	1,075,000	1,380,272
2008	995,000	608,700	1,105,000	1,338,323
2009-2013	5,600,000	2,297,540	6,105,000	5,915,420
2014-2018	5,050,000	888,065	7,270,000	4,308,258
2019-2023	1,022,811	147,787	8,810,000	2,309,989
2024-2028	-	-	3,612,190	369,797
	<u>\$ 16,322,811</u>	<u>\$ 6,763,640</u>	<u>\$ 30,157,190</u>	<u>\$ 19,951,472</u>

##### Other Long-Term Obligations

The City is financing the acquisition of certain equipment and real property for governmental activities through installment notes. These notes bear interest at rates ranging from 2.38% to 3.94% and are being paid from General Fund revenues. In December 2001, the City entered into an installment purchase agreement in the amount of \$5,500,000 for improvements to the Legion Stadium Sports Complex. The installment note is payable through 2022 at a fixed rate of interest of 3.94%, the current balance on the installment note is \$5,087,500. The outstanding balance at June 30, 2003, related to the various installment agreements, including Legion Stadium, aggregated \$7,719,888.



# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2003

### NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

#### B. LIABILITIES (continued)

#### LONG-TERM DEBT (continued)

#### Other Long-Term Obligations (continued)

The City has entered into various lease-purchase and other financing agreements related to the business-type activities for the acquisition of equipment and real property as well as water availability rights. The Water and Sewer Fund has an installment obligation to the Lower Cape Fear Water and Sewer Authority for water availability rights. The outstanding balance at June 30, 2003 under this obligation was \$630,969 and the obligation bears interest at approximately 6.0%. The Parking Facilities Fund has an installment note payable at June 30, 2003 in the amount of \$1,068,174. The note has an overall interest rate of 3.4%. The Golf Fund has an installment note payable at June 30, 2003 in the amount of \$70,854. The note has an overall interest rate of 2.75%.

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2004	\$ 1,198,088	\$ 246,288	\$ 546,630	\$ 53,910
2005	1,118,595	223,032	448,004	37,385
2006	1,140,705	190,086	219,552	24,178
2007	275,000	165,241	179,060	17,388
2008	275,000	154,832	185,200	11,249
2009-2013	1,375,000	609,803	191,551	4,898
2014-2018	1,375,000	338,809	-	-
2019-2022	962,500	75,934	-	-
	<u>\$ 7,719,888</u>	<u>\$ 2,004,025</u>	<u>\$ 1,769,997</u>	<u>\$ 149,008</u>

#### Interest Rate Swap Agreement

**Objective of the interest rate swap.** As a means to lower its borrowing costs and increase its savings, when compared against fixed-rate refunding bonds at the time of issuance in February 2002; the City entered into an interest rate swap in connection with its \$28,825,000 Variable Rate General Obligation Refunding Bonds, Series 2002. The intention of the swap agreement was to effectively change the City's interest rate on the bonds to a synthetic fixed rate of 3.815%.

**Terms.** The bonds and the related swap agreement mature on June 1, 2015 and the swap's notional amount of \$27,265,000 matches the face amount of the variable-rate bonds. The swap was entered into at the same time the bonds were issued (February 2002). The notional value of the swap declines with the principal amount of the associated debt. Under the swap the City pays the counterparty a fixed payment of 3.815% and receives a variable payment computed at 67% of the London Interbank Offered Rate (LIBOR). Conversely, the bonds' variable-rate coupons are based on the actual float rate coupons marketed weekly.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2003

### NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

#### B. LIABILITIES (continued)

#### LONG-TERM DEBT (continued)

##### Interest Rate Swap Agreement (continued)

**Fair value.** Because interest rates have declined since execution of the swap, the swap has a negative fair value of \$2,628,763 as of June 30, 2003. The swap's negative fair value may be countered by a reduction in total interest payments required under the variable rate bonds, creating a lower synthetic interest rate. Because the coupons on the City's variable-rate bonds are adjusted every seven days to changing interest rates, the bonds do not have a corresponding fair value increase. The mark-to-market valuations were established by market quotations from the counterparty representing estimates of the amounts that would be paid for replacement transactions.

**Credit risk.** As of June 30, 2003 the City was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap become positive, the City would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was rated Aa1 by Moody's Investors Service (Moody's), AA by Standard and Poor's (S&P) and AA by Fitch Ratings (Fitch). To mitigate the potential for credit risk, if the counterparty's credit quality falls to A1 by Moody's or A+ by either S&P or Fitch and their exposure exceeds \$5,000,000 the fair value of the swap will be fully collateralized by the counterparty with U.S. government securities. Collateral would be posted with a third party custodian.

**Basis risk.** The swap exposes the City to basis risk should the relationship between LIBOR and the average rate paid on the floating rate coupon converge, changing the synthetic rate on the bonds. The effect of this difference in basis is indicated by the difference between the intended synthetic rates of 3.815% and the synthetic rate as of June 30, 2003 of 4.01%. As of June 30, 2003, the rate on the City's Bonds was 0.95% whereas 67% of LIBOR was 0.7504%.

**Termination risk.** The City or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. An additional termination event occurs if the counterparty's credit rating falls below Baa1 (Moody's) or BBB+ (S&P and Fitch) by at least two of the rating agencies. The swap may be terminated by the City with 30 days notice and the counterparty can only terminate the swap if the City falls below BBB- with any of the three major rating services. Also, if at the time of termination the swap has a negative fair value, the City would be liable to the counterparty for a payment equal to the swap's fair value.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2003

### NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

#### B. LIABILITIES (continued)

#### LONG-TERM DEBT (continued)

#### Interest Rate Swap Agreement (continued)

**Swap payments and associated debt.** Using rates as of June 30, 2003, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same for the term of the bonds, were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Principal	Interest	Interest Rate Swap, Net	Total
2004	\$ 780,000	\$ 259,018	\$ 835,563	\$ 1,874,581
2005	1,545,000	251,608	811,659	2,608,267
2006	1,535,000	236,930	764,311	2,536,241
2007	1,725,000	222,348	717,270	2,664,617
2008	1,810,000	205,960	664,405	2,680,365
2009-2013	14,615,000	672,030	2,167,898	17,454,928
2014-2015	5,255,000	72,295	233,216	5,560,511
	<u>\$ 27,265,000</u>	<u>\$ 1,920,188</u>	<u>\$ 6,194,323</u>	<u>\$ 35,379,510</u>

#### Other long-term debt disclosures

State statutes provide for a legal debt limit of 8% of the City's assessed value of taxable property. The City's legal debt limit as of June 30, 2003 amounts to \$665,097,066.

#### Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2003, was as follows:

	Balance July 1, 2002	Additions	Reductions	Balance June 30, 2003	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 18,969,229	\$ -	\$ 2,324,737	\$ 16,644,492	\$ 2,282,174
Installment obligations	12,710,000	4,237,811	625,000	16,322,811	865,000
Other long-term obligations	9,032,849	-	1,312,961	7,719,888	1,198,088
Compensated absences	4,555,891	3,072,385	3,088,560	4,539,716	2,950,466
Governmental activity					
long-term liabilities	<u>\$ 45,267,969</u>	<u>\$ 7,310,196</u>	<u>\$ 7,351,258</u>	<u>\$ 45,226,907</u>	<u>\$ 7,295,728</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2003

### NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

#### B. LIABILITIES (continued)

#### LONG-TERM DEBT (continued)

#### Changes in long-term liabilities (continued)

	Balance July 1, 2002	Additions	Reductions	Balance June 30, 2003	Due Within One Year
Business-type activities:					
General obligation bonds	\$ 43,180,772	\$ -	\$ 3,050,264	\$ 40,130,508	\$ 3,337,826
Revenue bonds	21,202,561	6,508,316	7,463,542	20,247,335	896,318
Installment obligations	21,490,000	9,232,190	565,000	30,157,190	590,000
Less deferred amounts:					
For issuance discount	(306,901)	-	(1,246)	(305,655)	-
On refunding	(2,018,583)	-	(172,868)	(1,845,715)	-
Other long-term obligations	2,316,318	-	546,321	1,769,997	546,630
Compensated absences	1,002,209	606,963	626,046	983,126	604,296
Business-type activity long-term liabilities	<u>\$ 86,866,376</u>	<u>\$ 16,347,469</u>	<u>\$ 12,077,059</u>	<u>\$ 91,136,786</u>	<u>\$ 5,975,070</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end \$69,313 of internal service funds compensated absences are included in the above amounts. Also, for the governmental activities, compensated absences are generally liquidated by the general fund.

#### COMMITMENTS AND CONTINGENCIES

The City and New Hanover County entered into an agreement on January 18, 1988 with Coastline Associates Limited Partnership to lease conference center facilities for a term of five years. The agreement has been amended to extend the lease until April 30, 2005. Under the agreement the City makes rental payments not exceeding \$45,000 per year and reduces the balance of the note receivable on the conference center by \$30,000. For the fiscal year ending June 30, 2003, the City paid \$45,000 on the lease agreement and reduced the note receivable outstanding by \$30,000.

The City entered into a thirty-year ground lease commencing September 1, 2001 with the intention of building a parking facility on the site. The lease can be terminated after five years. Annual lease payments for the first five years are \$100,000. For the fiscal year ending June 30, 2003, the City paid \$100,000 on the lease agreement.

# **CITY OF WILMINGTON, NORTH CAROLINA**

## **Notes to Financial Statements (Continued) June 30, 2003**

### **NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)**

#### **B. LIABILITIES (continued)**

##### **COMMITMENTS AND CONTINGENCIES (continued)**

A contractor subject to a three-year agreement that will expire on September 1, 2003 manages the City's Second Street parking deck. During the year ended June 30, 2003 the City paid \$65,887 for administration. The City also has an agreement, with the same contractor, for administration of a parking lot at a rate of \$21,897 per year. For the year ended June 30, 2003 the City paid \$22,092 for the administration of the parking lot. The City also contracted for the enforcement, maintenance and administration of on street parking under a five-year contract at rates ranging from \$37,396 to \$41,564 per month during the term of the agreement. During the year ended June 30, 2003 the City paid \$360,250 for these services.

As part of the agreement for the acquisition of Cape Fear Utilities, Inc. and Quality Water Supplies, Inc., the City has agreed to hold harmless the former shareholders against any and all claims in connection with the City's failure to comply with the terms of the purchase agreement. The agreement requires that the entire purchase price paid by the City be funded from non-recourse obligations issued under North Carolina General Statute §160A-20, which shall be secured only by the assets and/or revenues of the companies. The taxing power of the City is not and may not be pledged to secure any part of the purchase debt. The structure of the debt is designed to reasonably ensure that all debt service will be fully funded in a timely manner through the companies' revenue and the City does not expect to provide any additional funding for operation and maintenance of the water system outside of that generated by the companies.

The Authority does not directly employ individuals, but instead contracts with the Wilmington Transit Company (WTC) to provide management services and to operate its public transportation system, including furnishing of all required personnel. This agreement expires June 30, 2004 and requires the Authority to pay WTC \$66,000 per year. Under the terms of the management agreement, if the agreement is terminated or is not renewed, the Authority shall assume or make arrangements for all existing obligations or liabilities of the WTC in connection with the providing of services to the Authority. Under this agreement, the Authority paid the WTC a management fee of \$66,000 in 2003. At June 30, 2003, the Authority had advanced the WTC \$123,991 toward the payment of current liabilities at June 30, 2003, and July 2003 estimated operating costs. The terms of the current collective bargaining agreement between WTC employees and the WTC establishes a vacation schedule based on seniority and the completion of seventy-five percent of his or her assignments for the year. WTC employees not covered by the labor contract accumulate vacation based on years of service. Vacation periods are not cumulative under either arrangement. The WTC's liability at June 30, 2003 for unused vacation benefits was \$49,698. Sick leave can accumulate to a maximum of seventy-five days for contract employees and ninety days for noncontract employees; however, sick leave does not vest. Since the Wilmington Transit Authority has no obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made. Under terms of its current labor contract, the WTC provides pension benefits for all union employees. The plan provides eligible employees with retirement and death benefits. At June 30, 2003, the WTC had made all required contributions and there was no unfunded liability.

# **CITY OF WILMINGTON, NORTH CAROLINA**

## **Notes to Financial Statements (Continued)**

**June 30, 2003**

### **NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)**

#### **B. LIABILITIES (continued)**

##### **COMMITMENTS AND CONTINGENCIES (continued)**

An inter-local agreement entered into between the City of Wilmington and the New Hanover County Water and Sewer District, requires semiannual payments from the City to the District for sewer system improvements in annexation areas "A" and "B". These payments are based on the amount of revenues from the annexation areas that would normally be allocated to debt service and will extend for a term of twenty years. At June 30, 2003, the annualized amount due to the District was \$52,435.

The City of Wilmington and the New Hanover County Water and Sewer District have also entered into an inter-local cost sharing agreement for the upgrade and expansion of the City's northside wastewater treatment plant at an estimated cost of \$63,700,000. The City's portion of the cost approximates \$24,900,000 or 39%. The City has incurred approximately \$1,560,000 of their share of the costs of the project.

The City entered into an incentive agreement in March 2000 with Corning, Incorporated to provide incentive payments to the company in exchange for the company's commitment to construct, equip and staff a facility in the City. The City's obligation under the agreement was \$400,000 per year for five years commencing the year following occupancy of the facility. The City's obligation under the agreement terminates if the company abandons the facility. The company met its job creation and capital investment requirements (\$100 million) in February 2001 and therefore qualified for the first annual incentive payment. The company made the decision in October 2002 to close the facility due to a dramatic downturn in the telecommunications industry. The City's payment of the first incentive payment of \$400,000 was made in March 2003. The closing of the facility terminated the incentive agreement and the City is not obligated to make any further payments to the company.

#### **Jointly Governed Organizations**

The City, in conjunction with Bladen County, New Hanover County, Columbus County, Pender County and Brunswick County is a member of the Lower Cape Fear Water and Sewer Authority. The Water and Sewer Authority was formed to provide raw water to counties, municipalities and industrial customers in southeastern North Carolina. The Water and Sewer Authority is governed by a thirteen member Board appointed by the participating entities with the City represented by two members. The Water and Sewer Authority is not considered to be a joint venture under generally accepted accounting principles since the counties and municipalities do not retain an ongoing financial interest (i.e., an equity interest in either assets or liabilities) or responsibility.

The City has a financial obligation to the Water and Sewer Authority for water availability rights. The outstanding balance on the obligation at June 30, 2003 is \$630,969 and the obligation bears interest at approximately 6%. During the 2003 fiscal year, the City made principal and interest payments on the obligation of \$379,684. During the year ended June 30, 2003 the City purchased \$513,729 in raw water from the Water and Sewer Authority.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2003

### NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

#### B. LIABILITIES (continued)

##### COMMITMENTS AND CONTINGENCIES (continued)

The City, in conjunction with Brunswick, Columbus and Pender Counties and the municipalities therein established the Cape Fear Council of Governments (Council). The Council was established for various purposes, but mainly to coordinate funding for federal and state assistance. Each participating government appoints a minimum of one member to the Council's board. The City paid fees of \$16,600 to the Council during the fiscal year ended June 30, 2003.

##### Related Organization

The nine-member Board of the Wilmington Housing Authority is appointed by the Mayor of the City of Wilmington. The City is accountable for the Housing Authority because it appoints the governing board; however, the City is not financially accountable for the Housing Authority. The City of Wilmington is also disclosed as a related organization in the Notes to Financial Statements for the Wilmington Housing Authority.

#### C. INTERFUND BALANCES AND ACTIVITY

The compositions of interfund balances as of June 30, 2003, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	
General Fund	Nonmajor governmental funds	\$ 829,406
Ground Water Utility Fund	Water and Sewer Fund	<u>92,136</u>
Total		<u>\$ 921,542</u>

Advances from/to other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	
Water and Sewer Fund	Nonmajor governmental funds	<u>\$ 91,612</u>

Due to/from primary government and component unit:

<u>Receivable Fund</u>	<u>Payable Fund</u>	
Component unit	Primary government - general fund	<u>\$ 3,385</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued)

June 30, 2003

### NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

#### C. INTERFUND BALANCES AND ACTIVITY (continued)

Interfund transfers:

	Transfers in					Total
	General Fund	Special Purpose Fund	Nonmajor Governmental Funds	Solid Waste Management Fund	Internal Service Funds	
Transfers out:						
General Fund	\$ -	\$ 634,446	\$ 1,130,000	\$ 743,925	\$ -	\$ 2,508,371
Special Purpose Fund	661,850	-	114,330	-	-	776,180
Nonmajor governmental funds	-	6,005	-	-	-	6,005
Water and Sewer Fund	-	-	-	-	12,462	12,462
Storm Water Management Fund	-	6,000	-	-	-	6,000
Total transfers out	<u>\$661,850</u>	<u>\$646,451</u>	<u>\$ 1,244,330</u>	<u>\$ 743,925</u>	<u>\$12,462</u>	3,309,018
Transfer in of capital assets:						
To internal service funds from existing general capital assets						25,050
Total transfers in						<u>\$ 3,334,068</u>

In the fund financial statements, total transfers in of \$3,334,068 are greater than total transfers out of \$3,309,018 because of the treatment of transfers of capital assets to the internal service fund. During the year existing capital assets related to governmental funds, with a net book value of \$25,050, were transferred to the internal service fund. Also, existing capital assets related to proprietary funds, with a book value of \$12,462, were transferred to the internal service funds. No amounts were reported in the governmental funds, as the amount did not involve the transfer of financial resources. However, the internal service fund did report the transfer in for the capital resources received.

#### NOTE 5 - DEFERRED REVENUES

The balance in deferred revenues on the fund statements and the government-wide statement of net assets at June 30, 2003 is summarized as follows:

	Governmental Funds			Net Assets
	General Fund	Special Revenue Funds	Capital Projects Funds	
Taxes receivable, net	\$ 1,154,174	\$ -	\$ -	\$ 1,154,174
Notes and accounts receivable	301,775	190,258	2,275	494,308
Special assessments receivable	16,217	-	-	16,217
Customer advances	-	127	-	127
Intergovernmental grant advances	-	38,087	250,000	288,087
	<u>\$ 1,472,166</u>	<u>\$ 228,472</u>	<u>\$ 252,275</u>	<u>\$ 1,952,913</u>
				<u>\$ 305,298</u>



# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2003

### NOTE 6 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; natural disasters; errors and omissions for which the City carries commercial insurance. The City has chosen to establish a risk financing fund for risks associated with the employee's health insurance plan and workers' compensation coverage. The risk financing fund is accounted for in the general fund where assets are set aside for claim settlements. Premiums are paid into the general fund by other funds that incur claims and are available to pay claims, claim reserves and administrative costs of the programs. These interfund premiums are used to reduce the amount of claims expenditures reported in the general fund. As of June 30, 2003, such interfund premiums did not exceed reimbursable expenditures.

The City carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors. Changes in the balances of claims liabilities during the past fiscal year are as follows:

#### Medical Self-Insurance Program:

Unpaid claims, beginning	\$ 956,204
Incurred claims (including IBNRs)	5,539,200
Claim payments	<u>(5,670,044)</u>
Unpaid claims, ending	<u>\$ 825,360</u>

#### Workers' Compensation Self-Insurance Program:

Unpaid claims, beginning	\$ 251,902
Incurred claims (including IBNRs)	790,632
Claim payments	<u>(329,483)</u>
Unpaid claims, ending	<u>\$ 713,051</u>

### NOTE 7 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

#### A. LITIGATION

The City is a party to a number of civil lawsuits and other legal actions, including a number of actions where the City's defense is being handled by the City's insurance carrier and any potential losses should be limited to the insurance policies' deductibles. There are also several claims for damages that have not yet resulted in litigation. In the opinion of the City attorney and management, the ultimate outcome of these claims is not expected to have a significant impact on the City's financial position.

# **CITY OF WILMINGTON, NORTH CAROLINA**

## **Notes to Financial Statements (Continued) June 30, 2003**

### **NOTE 7 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES (continued)**

#### **B. FEDERAL AND STATE ASSISTED PROGRAMS**

The City has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial.

#### **C. UNDERGROUND STORAGE TANK REMOVAL PROGRAM**

The City has completed a program to remove and replace all underground storage tanks not in full compliance with current environmental regulations. Remedial action, including monitoring for pollutants, is continuing at three sites as of June 30, 2003. In the opinion of the City attorney, any future actions required to be taken at these sites should not result in costs, which, in the aggregate, would have a material adverse effect on the City's financial statements.

#### **D. SUBSEQUENT EVENT**

In August 2003, the City issued \$12,580,000 in bonds comprised of \$9,000,000 in general obligation refunding bonds to refund all of the outstanding series 1992 and 1993 general obligation refunding bonds and \$3,580,000 in general obligation public improvement bonds for street improvements. The bonds were issued with coupons ranging from 2.00% to 5.00% and associated premiums of \$163,474. The net present value interest savings on the refunded bonds was \$457,119 with a final maturity in March 2009.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF WILMINGTON, NORTH CAROLINA**

**Law Enforcement Officers' Special Separation Allowance  
Required Supplementary Information  
Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12-31-93	\$ 360,686	\$ 830,899	\$ 470,213	43.41 %	\$ 4,248,968	11.07 %
12-31-94	420,251	926,972	506,721	45.34	4,467,290	11.34
12-31-95	496,040	1,081,384	585,344	45.87	4,919,031	11.90
12-31-96	564,385	1,190,047	625,662	47.43	5,159,563	12.13
12-31-97	616,174	1,354,681	738,507	45.48	5,538,613	13.33
12-31-98	531,500	1,518,641	987,141	35.00	6,221,505	15.87
12-31-99	510,000	1,595,807	1,085,807	31.96	7,613,564	14.26
12-30-00	430,005	2,181,126	1,751,121	19.71	8,282,301	21.14
12-31-01	470,152	2,312,294	1,842,142	20.33	8,728,050	21.11
12-31-02	515,998	2,171,141	1,655,143	23.77	8,755,071	18.90

**CITY OF WILMINGTON, NORTH CAROLINA**

**Law Enforcement Officers' Special Separation Allowance  
Required Supplementary Information  
Schedule of Employer Contributions**

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contribution</u>
1994	\$ 84,130	137.9 %
1995	90,239	128.6
1996	107,235	108.2
1997	111,937	134.0
1998	112,623	157.2
1999	124,699	69.4
2000	153,384	78.2
2001	175,293	114.1
2002	231,190	97.5
2003	247,189	91.2

**Notes to the Required Schedules:**

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	12-31-2002
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	28 Years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	7.25%
Projected salary increases*	5.9% to 9.8%
*Includes inflation at	3.75%
Cost-of living adjustments	None

**CITY OF WILMINGTON, NORTH CAROLINA**

**Combining Balance Sheet -  
Nonmajor Governmental Funds**

**June 30, 2003**

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,546,371	\$ 9,481,066	\$ 11,027,437
Accounts receivable	25,151	2,275	27,426
Other receivables	77,917	-	77,917
Due from other governments	855,001	40,803	895,804
Notes receivable	11,647,050	-	11,647,050
Restricted assets:			
Cash and cash equivalents	<u>-</u>	<u>3,504,205</u>	<u>3,504,205</u>
 Total assets	 <u>\$ 14,151,490</u>	 <u>\$ 13,028,349</u>	 <u>\$ 27,179,839</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 30,724	\$ 865,815	\$ 896,539
Due to other funds	829,406	91,612	921,018
Customer and escrow deposits	14,717	-	14,717
Deferred revenues	<u>190,258</u>	<u>252,275</u>	<u>442,533</u>
 Total liabilities	 <u>1,065,105</u>	 <u>1,209,702</u>	 <u>2,274,807</u>
Fund balances:			
Reserved for encumbrances	-	4,503,331	4,503,331
Reserved by State statute	855,001	43,078	898,079
Reserved for loans	12,993,339	-	12,993,339
Reserved for firemen's relief	93,046	-	93,046
Reserved for capital projects	-	7,901,690	7,901,690
Unreserved and undesignated (deficit)	<u>(855,001)</u>	<u>(629,452)</u>	<u>(1,484,453)</u>
 Total fund balances	 <u>13,086,385</u>	 <u>11,818,647</u>	 <u>24,905,032</u>
 Total liabilities and fund balances	 <u>\$ 14,151,490</u>	 <u>\$ 13,028,349</u>	 <u>\$ 27,179,839</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Combining Balance Sheet -  
Nonmajor Special Revenue Funds**

**June 30, 2003**

	Community Development Fund	Home Investment Partnership Fund	Rental Rehabilitation Loan Fund	Commercial Loan Fund	UDAG Loan Fund
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ -	\$ 468,359	\$ -	\$ -
Accounts receivable	-	-	-	-	-
Other receivables	-	-	-	-	-
Due from other governments	235,004	619,997	-	-	-
Notes receivable	-	-	136,784	726,468	521,694
	<u>-</u>	<u>-</u>	<u>136,784</u>	<u>726,468</u>	<u>521,694</u>
Total assets	<u>\$ 235,004</u>	<u>\$ 619,997</u>	<u>\$ 605,143</u>	<u>\$ 726,468</u>	<u>\$ 521,694</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 21,734	\$ 3,861	\$ 641	\$ -	\$ -
Due to other funds	213,270	616,136	-	-	-
Customer and escrow deposits	-	-	-	-	-
Deferred revenues	-	-	-	17,084	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,084</u>	<u>-</u>
Total liabilities	<u>235,004</u>	<u>619,997</u>	<u>641</u>	<u>17,084</u>	<u>-</u>
Fund balances:					
Reserved by State statute	235,004	619,997	-	-	-
Reserved for loans	-	-	604,502	709,384	521,694
Reserved for firemen's relief	-	-	-	-	-
Unreserved and undesignated (deficit)	(235,004)	(619,997)	-	-	-
	<u>-</u>	<u>-</u>	<u>604,502</u>	<u>709,384</u>	<u>521,694</u>
Total fund balances	<u>-</u>	<u>-</u>	<u>604,502</u>	<u>709,384</u>	<u>521,694</u>
Total liabilities and fund balances	<u>\$ 235,004</u>	<u>\$ 619,997</u>	<u>\$ 605,143</u>	<u>\$ 726,468</u>	<u>\$ 521,694</u>

Rehabilitation Loan Fund	CDBG HOP Loan Fund	GF HOP Loan Fund	Home Loan Fund	Economic Development Loan Fund	Firemen's Relief Fund	Firemen's Benefit Fund	Total Nonmajor Special Revenue Funds
\$ 189,154	\$ 401	\$ 735,367	\$ 40	\$ 136,874	\$ 14,335	\$ 1,841	\$ 1,546,371
-	-	25,151	-	-	-	-	25,151
-	-	-	-	-	77,917	-	77,917
-	-	-	-	-	-	-	855,001
<u>3,584,149</u>	<u>1,390,384</u>	<u>2,132,113</u>	<u>2,884,024</u>	<u>271,434</u>	<u>-</u>	<u>-</u>	<u>11,647,050</u>
<u>\$ 3,773,303</u>	<u>\$ 1,390,785</u>	<u>\$ 2,892,631</u>	<u>\$ 2,884,064</u>	<u>\$ 408,308</u>	<u>\$ 92,252</u>	<u>\$ 1,841</u>	<u>\$ 14,151,490</u>
\$ 1,905	\$ -	\$ 360	\$ -	\$ 1,176	\$ -	\$ 1,047	\$ 30,724
-	-	-	-	-	-	-	829,406
10,686	401	3,630	-	-	-	-	14,717
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>173,174</u>	<u>-</u>	<u>-</u>	<u>190,258</u>
<u>12,591</u>	<u>401</u>	<u>3,990</u>	<u>-</u>	<u>174,350</u>	<u>-</u>	<u>1,047</u>	<u>1,065,105</u>
-	-	-	-	-	-	-	855,001
3,760,712	1,390,384	2,888,641	2,884,064	233,958	-	-	12,993,339
-	-	-	-	-	92,252	794	93,046
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(855,001)</u>
<u>3,760,712</u>	<u>1,390,384</u>	<u>2,888,641</u>	<u>2,884,064</u>	<u>233,958</u>	<u>92,252</u>	<u>794</u>	<u>13,086,385</u>
<u>\$ 3,773,303</u>	<u>\$ 1,390,785</u>	<u>\$ 2,892,631</u>	<u>\$ 2,884,064</u>	<u>\$ 408,308</u>	<u>\$ 92,252</u>	<u>\$ 1,841</u>	<u>\$ 14,151,490</u>



**CITY OF WILMINGTON, NORTH CAROLINA**

**Combining Balance Sheet -  
Nonmajor Capital Projects Funds**

**June 30, 2003**

	Streets and Sidewalks Fund	Parks and Recreation Fund	Building Improvements Fund	Public Improvements Fund	Total Nonmajor Capital Projects Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,947,551	\$ 3,397,247	\$ 1,472,705	\$ 663,563	\$ 9,481,066
Accounts receivable	2,275	-	-	-	2,275
Due from other governments	19,960	20,843	-	-	40,803
Restricted assets:					
Cash and cash equivalents	<u>-</u>	<u>2,709,559</u>	<u>794,646</u>	<u>-</u>	<u>3,504,205</u>
 Total assets	 <u>\$ 3,969,786</u>	 <u>\$ 6,127,649</u>	 <u>\$ 2,267,351</u>	 <u>\$ 663,563</u>	 <u>\$ 13,028,349</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 307,950	\$ 113,088	\$ 444,777	\$ -	\$ 865,815
Due to other funds	-	-	-	91,612	91,612
Deferred revenues	<u>2,275</u>	<u>250,000</u>	<u>-</u>	<u>-</u>	<u>252,275</u>
 Total liabilities	 <u>310,225</u>	 <u>363,088</u>	 <u>444,777</u>	 <u>91,612</u>	 <u>1,209,702</u>
Fund balances:					
Reserved for encumbrances	195,846	1,842,659	2,452,026	12,800	4,503,331
Reserved by State statute	22,235	20,843	-	-	43,078
Reserved for capital projects	3,441,480	3,901,059	-	559,151	7,901,690
Unreserved and undesignated (deficit)	<u>-</u>	<u>-</u>	<u>(629,452)</u>	<u>-</u>	<u>(629,452)</u>
 Total fund balances	 <u>3,659,561</u>	 <u>5,764,561</u>	 <u>1,822,574</u>	 <u>571,951</u>	 <u>11,818,647</u>
 Total liabilities and fund balances	 <u>\$ 3,969,786</u>	 <u>\$ 6,127,649</u>	 <u>\$ 2,267,351</u>	 <u>\$ 663,563</u>	 <u>\$ 13,028,349</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances -  
Nonmajor Governmental Funds**

**Year Ended June 30, 2003**

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Restricted intergovernmental	\$ 2,240,098	\$ -	\$ 2,240,098
Investment earnings	104,733	170,324	275,057
Miscellaneous	<u>104,251</u>	<u>94,609</u>	<u>198,860</u>
Total revenues	<u>2,449,082</u>	<u>264,933</u>	<u>2,714,015</u>
Expenditures:			
General government	-	1,591,786	1,591,786
Public safety	64,806	-	64,806
Transportation	-	2,499,726	2,499,726
Economic and physical development	2,171,772	-	2,171,772
Cultural and recreational	<u>-</u>	<u>2,338,129</u>	<u>2,338,129</u>
Total expenditures	<u>2,236,578</u>	<u>6,429,641</u>	<u>8,666,219</u>
Excess of revenues over (under) expenditures	<u>212,504</u>	<u>(6,164,708)</u>	<u>(5,952,204)</u>
Other financing sources (uses):			
Transfers from other funds	562,008	1,198,200	1,760,208
Transfers to other funds	(521,883)	-	(521,883)
Proceeds from installment obligation	<u>-</u>	<u>4,237,811</u>	<u>4,237,811</u>
Total other financing sources	<u>40,125</u>	<u>5,436,011</u>	<u>5,476,136</u>
Net change in fund balances	252,629	(728,697)	(476,068)
Fund balances at beginning of year	<u>12,833,756</u>	<u>12,547,344</u>	<u>25,381,100</u>
Fund balances at end of year	<u>\$ 13,086,385</u>	<u>\$ 11,818,647</u>	<u>\$ 24,905,032</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances -  
Nonmajor Special Revenue Funds**

**Year Ended June 30, 2003**

	Community Development Fund	Home Investment Partnership Fund	Rental Rehabilitation Loan Fund	Commercial Loan Fund	UDAG Loan Fund
Revenues:					
Restricted intergovernmental	\$ 1,349,482	\$ 890,616	\$ -	\$ -	\$ -
Investment earnings	-	-	13,103	-	25,695
Miscellaneous	<u>23,400</u>	<u>-</u>	<u>500</u>	<u>-</u>	<u>-</u>
Total revenues	<u>1,372,882</u>	<u>890,616</u>	<u>13,603</u>	<u>-</u>	<u>25,695</u>
Expenditures:					
Public safety	-	-	-	-	-
Economic and physical development	<u>1,299,851</u>	<u>820,867</u>	<u>-</u>	<u>-</u>	<u>30,000</u>
Total expenditures	<u>1,299,851</u>	<u>820,867</u>	<u>-</u>	<u>-</u>	<u>30,000</u>
Excess of revenues over (under) expenditures	<u>73,031</u>	<u>69,749</u>	<u>13,603</u>	<u>-</u>	<u>(4,305)</u>
Other financing sources (uses):					
Transfers from other funds	53,854	99,895	-	-	46,130
Transfers to other funds	<u>(126,885)</u>	<u>(169,644)</u>	<u>(6,993)</u>	<u>(1,861)</u>	<u>(6,005)</u>
Total other financing sources (uses)	<u>(73,031)</u>	<u>(69,749)</u>	<u>(6,993)</u>	<u>(1,861)</u>	<u>40,125</u>
Net change in fund balances	-	-	6,610	(1,861)	35,820
Fund balances at beginning of year	<u>-</u>	<u>-</u>	<u>597,892</u>	<u>711,245</u>	<u>485,874</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 604,502</u>	<u>\$ 709,384</u>	<u>\$ 521,694</u>

Rehabilitation Loan Fund	CDBG HOP Loan Fund	GF HOP Loan Fund	Home Loan Fund	Economic Development Loan Fund	Firemen's Relief Fund	Firemen's Benefit Fund	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,240,098
13,283	6,263	21,117	8,313	16,526	433	-	104,733
<u>165</u>	<u>-</u>	<u>-</u>	<u>110</u>	<u>2,159</u>	<u>77,917</u>	<u>-</u>	<u>104,251</u>
<u>13,448</u>	<u>6,263</u>	<u>21,117</u>	<u>8,423</u>	<u>18,685</u>	<u>78,350</u>	<u>-</u>	<u>2,449,082</u>
-	-	-	-	-	-	64,806	64,806
<u>2,870</u>	<u>-</u>	<u>17,414</u>	<u>770</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,171,772</u>
<u>2,870</u>	<u>-</u>	<u>17,414</u>	<u>770</u>	<u>-</u>	<u>-</u>	<u>64,806</u>	<u>2,236,578</u>
<u>10,578</u>	<u>6,263</u>	<u>3,703</u>	<u>7,653</u>	<u>18,685</u>	<u>78,350</u>	<u>(64,806)</u>	<u>212,504</u>
-	126,885	-	169,644	-	-	65,600	562,008
<u>(45,000)</u>	<u>-</u>	<u>-</u>	<u>(99,895)</u>	<u>-</u>	<u>(65,600)</u>	<u>-</u>	<u>(521,883)</u>
<u>(45,000)</u>	<u>126,885</u>	<u>-</u>	<u>69,749</u>	<u>-</u>	<u>(65,600)</u>	<u>65,600</u>	<u>40,125</u>
(34,422)	133,148	3,703	77,402	18,685	12,750	794	252,629
<u>3,795,134</u>	<u>1,257,236</u>	<u>2,884,938</u>	<u>2,806,662</u>	<u>215,273</u>	<u>79,502</u>	<u>-</u>	<u>12,833,756</u>
<u>\$ 3,760,712</u>	<u>\$ 1,390,384</u>	<u>\$ 2,888,641</u>	<u>\$ 2,884,064</u>	<u>\$ 233,958</u>	<u>\$ 92,252</u>	<u>\$ 794</u>	<u>\$ 13,086,385</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances -  
Nonmajor Capital Projects Funds**

**Year Ended June 30, 2003**

	Streets and Sidewalks Fund	Parks and Recreation Fund	Building Improvements Fund	Public Improvements Fund	Total Nonmajor Capital Projects Funds
Revenues:					
Investment earnings	\$ 67,005	\$ 70,318	\$ 23,718	\$ 9,283	\$ 170,324
Miscellaneous	<u>94,609</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>94,609</u>
Total revenues	<u>161,614</u>	<u>70,318</u>	<u>23,718</u>	<u>9,283</u>	<u>264,933</u>
Expenditures:					
General government	-	-	1,591,786	-	1,591,786
Transportation	2,499,726	-	-	-	2,499,726
Cultural and recreational	<u>-</u>	<u>2,338,129</u>	<u>-</u>	<u>-</u>	<u>2,338,129</u>
Total expenditures	<u>2,499,726</u>	<u>2,338,129</u>	<u>1,591,786</u>	<u>-</u>	<u>6,429,641</u>
Excess of revenues over (under) expenditures	<u>(2,338,112)</u>	<u>(2,267,811)</u>	<u>(1,568,068)</u>	<u>9,283</u>	<u>(6,164,708)</u>
Other financing sources:					
Transfers from other funds	768,200	230,000	200,000	-	1,198,200
Proceeds from installment obligation	<u>-</u>	<u>2,797,773</u>	<u>1,440,038</u>	<u>-</u>	<u>4,237,811</u>
Total other financing sources	<u>768,200</u>	<u>3,027,773</u>	<u>1,640,038</u>	<u>-</u>	<u>5,436,011</u>
Net change in fund balances	(1,569,912)	759,962	71,970	9,283	(728,697)
Fund balances at beginning of year	<u>5,229,473</u>	<u>5,004,599</u>	<u>1,750,604</u>	<u>562,668</u>	<u>12,547,344</u>
Fund balances at end of year	<u>\$ 3,659,561</u>	<u>\$ 5,764,561</u>	<u>\$ 1,822,574</u>	<u>\$ 571,951</u>	<u>\$ 11,818,647</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Combining Statement of Net Assets -  
Other Enterprise Funds**

**June 30, 2003**

	Storm Water Management Fund	Golf Fund	Total Other Enterprise Funds
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 6,305,546	\$ 789,115	\$ 7,094,661
Other receivables	19,898	2,490	22,388
Due from other governments	82,031	222	82,253
Inventory of materials and supplies	<u>53,536</u>	<u>25,544</u>	<u>79,080</u>
Total current assets	<u>6,461,011</u>	<u>817,371</u>	<u>7,278,382</u>
Capital assets:			
Land	-	109,393	109,393
Improvements other than buildings	-	290,903	290,903
Buildings, plant and structures	21,921,372	739,576	22,660,948
Furniture, fixtures, machinery and equipment	107,760	421,211	528,971
Construction in progress	1,276,336	-	1,276,336
Less accumulated depreciation	<u>(9,036,364)</u>	<u>(774,327)</u>	<u>(9,810,691)</u>
Total capital assets, net of accumulated depreciation	<u>14,269,104</u>	<u>786,756</u>	<u>15,055,860</u>
Total assets	<u>20,730,115</u>	<u>1,604,127</u>	<u>22,334,242</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Combining Statement of Net Assets -  
Other Enterprise Funds (Continued)**

**June 30, 2003**

	Storm Water Management Fund	Golf Fund	Total Other Enterprise Funds
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable:			
Trade	\$ 35,771	\$ 36,186	\$ 71,957
Contracts and retainage	125,473	-	125,473
Accrued liabilities:			
Personnel costs	58,244	13,966	72,210
Interest	57,475	1,660	59,135
Current portion of long-term liabilities:			
Bonds payable	428,522	-	428,522
Other long-term obligations	-	22,972	22,972
Accrued vacation and sick leave	102,458	17,141	119,599
Customer and escrow deposits	7,500	-	7,500
Deferred revenues	<u>28,277</u>	<u>36,229</u>	<u>64,506</u>
Total current liabilities	<u>843,720</u>	<u>128,154</u>	<u>971,874</u>
Noncurrent liabilities:			
Bonds payable	4,392,348	-	4,392,348
Other long-term obligations	<u>-</u>	<u>47,882</u>	<u>47,882</u>
Total noncurrent portion of long-term liabilities	4,392,348	47,882	4,440,230
Accrued vacation and sick leave	<u>34,489</u>	<u>3,051</u>	<u>37,540</u>
Total noncurrent liabilities	<u>4,426,837</u>	<u>50,933</u>	<u>4,477,770</u>
Total liabilities	<u>5,270,557</u>	<u>179,087</u>	<u>5,449,644</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	9,448,234	715,902	10,164,136
Restricted for capital projects	1,432,734	-	1,432,734
Unrestricted	<u>4,578,590</u>	<u>709,138</u>	<u>5,287,728</u>
Net assets	<u>\$ 15,459,558</u>	<u>\$ 1,425,040</u>	<u>\$ 16,884,598</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets -  
Other Enterprise Funds**

**Year Ended June 30, 2003**

	Storm Water Management Fund	Golf Fund	Total Other Enterprise Funds
Operating revenues:			
Charges for services	\$ 5,466,039	\$ 811,786	\$ 6,277,825
Other operating revenues	<u>66,665</u>	<u>1,056</u>	<u>67,721</u>
Total operating revenues	<u>5,532,704</u>	<u>812,842</u>	<u>6,345,546</u>
Operating expenses:			
Salaries, employee benefits and other personnel costs	1,997,499	376,293	2,373,792
Materials and fuels consumed	339,285	179,841	519,126
Services	541,026	30,542	571,568
Utilities	3,323	22,203	25,526
Depreciation	1,111,772	86,767	1,198,539
Other operating expenses	<u>746,775</u>	<u>196,061</u>	<u>942,836</u>
Total operating expenses	<u>4,739,680</u>	<u>891,707</u>	<u>5,631,387</u>
Operating income (loss)	<u>793,024</u>	<u>(78,865)</u>	<u>714,159</u>
Nonoperating revenues (expenses):			
Investment earnings	90,702	12,205	102,907
Hurricane disaster assistance	3,083	-	3,083
Interest and other charges	<u>(239,424)</u>	<u>(4,162)</u>	<u>(243,586)</u>
Total nonoperating revenues (expenses), net	<u>(145,639)</u>	<u>8,043</u>	<u>(137,596)</u>
Income (loss) before capital contributions and transfers	647,385	(70,822)	576,563
Capital contributions	205,413	-	205,413
Transfers to other funds	<u>(6,000)</u>	<u>-</u>	<u>(6,000)</u>
Change in net assets	846,798	(70,822)	775,976
Net assets at beginning of year	<u>14,612,760</u>	<u>1,495,862</u>	<u>16,108,622</u>
Net assets at end of year	<u>\$ 15,459,558</u>	<u>\$ 1,425,040</u>	<u>\$ 16,884,598</u>



**CITY OF WILMINGTON, NORTH CAROLINA**

**Combining Statement of Cash Flows -  
Other Enterprise Funds**

**Year Ended June 30, 2003**

	Storm Water Management Fund	Golf Fund	Total Other Enterprise Funds
Cash flows from operating activities:			
Receipts from customers and users	\$ 4,475,152	\$ 815,366	\$ 5,290,518
Receipts from interfund services provided	1,117,000	-	1,117,000
Payments to suppliers	(1,145,803)	(395,341)	(1,541,144)
Payments to or on behalf of employees	(1,979,166)	(397,971)	(2,377,137)
Payments for interfund services used	<u>(455,965)</u>	<u>(7,245)</u>	<u>(463,210)</u>
Net cash provided by operating activities	<u>2,011,218</u>	<u>14,809</u>	<u>2,026,027</u>
Cash flows from noncapital and related financing activities:			
Advances from other funds	-	17,263	17,263
Transfers to other funds	<u>(6,000)</u>	<u>-</u>	<u>(6,000)</u>
Net cash provided by (used in) noncapital and related financing activities	<u>(6,000)</u>	<u>17,263</u>	<u>11,263</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(887,895)	(5,500)	(893,395)
Principal payments on bonds	(267,826)	-	(267,826)
Principal payments on other long-term obligations	(26,429)	(22,564)	(48,993)
Interest and other charges	(242,380)	(2,886)	(245,266)
Hurricane disaster assistance	33,683	-	33,683
Capital contributions	<u>132,413</u>	<u>-</u>	<u>132,413</u>
Net cash used in capital and related financing activities	<u>(1,258,434)</u>	<u>(30,950)</u>	<u>(1,289,384)</u>
Cash flows from investing activities:			
Investment earnings	<u>79,577</u>	<u>10,665</u>	<u>90,242</u>
Net increase in cash and cash equivalents	826,361	11,787	838,148
Cash and cash equivalents at beginning of year	<u>5,479,185</u>	<u>777,328</u>	<u>6,256,513</u>
Cash and cash equivalents at end of year	<u><u>\$ 6,305,546</u></u>	<u><u>\$ 789,115</u></u>	<u><u>\$ 7,094,661</u></u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Combining Statement of Cash Flows -  
Other Enterprise Funds (Continued)**

**Year Ended June 30, 2003**

	Storm Water Management Fund	Golf Fund	Total Other Enterprise Funds
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ 793,024	\$ (78,865)	\$ 714,159
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	1,111,772	86,767	1,198,539
Changes in assets and liabilities:			
Accounts receivable	12,826	800	13,626
Inventory of material and supplies	17,777	8,065	25,842
Accounts payable and accrued liabilities	15,003	7,668	22,671
Accrued vacation and sick leave	14,194	(11,350)	2,844
Customer and escrow deposits	7,500	-	7,500
Deferred revenues	<u>39,122</u>	<u>1,724</u>	<u>40,846</u>
Net cash provided by operating activities	<u>\$ 2,011,218</u>	<u>\$ 14,809</u>	<u>\$ 2,026,027</u>
Supplemental disclosure of noncash investing, capital and related financing activities:			
Capital assets acquired on account	\$ (156,811)	\$ -	\$ (156,811)
Capital contributions receivable	(73,000)	-	(73,000)

**CITY OF WILMINGTON, NORTH CAROLINA**

**Schedule of Changes in Long-term Liabilities -  
Enterprise Funds**

**Year Ended June, 30 2003**

	<u>July 1, 2002</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2003</u>
Water and Sewer Fund:				
General obligation bonds	\$ 38,092,075	\$ -	\$ 2,782,437	\$ 35,309,638
Revenue bonds	21,202,561	6,508,316	7,463,542	20,247,335
Other long-term obligations	962,995	-	332,026	630,969
Accrued vacation and sick leave	<u>649,303</u>	<u>327,543</u>	<u>366,935</u>	<u>609,911</u>
	<u>60,906,934</u>	<u>6,835,859</u>	<u>10,944,940</u>	<u>56,797,853</u>
Ground Water Utility Fund:				
Installment obligations	21,490,000	-	565,000	20,925,000
Accrued vacation and sick leave	<u>15,911</u>	<u>25,561</u>	<u>21,583</u>	<u>19,889</u>
	<u>21,505,911</u>	<u>25,561</u>	<u>586,583</u>	<u>20,944,889</u>
Solid Waste Management Fund:				
Accrued vacation and sick leave	<u>182,700</u>	<u>132,400</u>	<u>118,913</u>	<u>196,187</u>
Storm Water Management Fund:				
General obligation bonds	5,088,696	-	267,826	4,820,870
Other long-term obligations	26,372	-	26,372	-
Accrued vacation and sick leave	<u>122,753</u>	<u>106,033</u>	<u>91,839</u>	<u>136,947</u>
	<u>5,237,821</u>	<u>106,033</u>	<u>386,037</u>	<u>4,957,817</u>
Golf Fund:				
Other long-term obligations	93,418	-	22,564	70,854
Accrued vacation and sick leave	<u>31,542</u>	<u>15,426</u>	<u>26,776</u>	<u>20,192</u>
	<u>124,960</u>	<u>15,426</u>	<u>49,340</u>	<u>91,046</u>
Parking Facilities Fund:				
Installment obligations	-	9,232,190	-	9,232,190
Other long-term obligations	<u>1,233,534</u>	<u>-</u>	<u>165,360</u>	<u>1,068,174</u>
	<u>1,233,534</u>	<u>9,232,190</u>	<u>165,360</u>	<u>10,300,364</u>
	<u>\$ 89,191,860</u>	<u>\$ 16,347,469</u>	<u>\$ 12,251,173</u>	<u>\$ 93,288,156</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Net Assets -  
Wilmington Transit Authority  
(A Discretely Presented Component Unit)**

**June 30, 2003**

**ASSETS**

Current assets:

Cash and cash equivalents	\$ 35,023
Accounts receivable	62,568
Due from other governments	12,461
Due from primary government	3,385
Due from management company	123,991
Inventory of materials and supplies	32,322
Prepaid expenses	<u>37,873</u>

Total current assets 307,623

Capital assets:

Land	26,070
Buildings and improvements	539,547
Buses	5,787,006
Other vehicles	379,170
Furniture, fixtures, machinery and equipment	676,730
Less accumulated depreciation	<u>(2,941,826)</u>

Total capital assets, net of accumulated depreciation 4,466,697

Total assets 4,774,320

**LIABILITIES**

Current liabilities:

Accounts payable and accrued expenses	196,499
Deferred revenue	<u>86,124</u>

Total current liabilities 282,623

**NET ASSETS**

Invested in capital assets	4,466,697
Unrestricted	<u>25,000</u>

Net assets \$ 4,491,697

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Revenues, Expenses and Changes in Fund Net Assets -  
Wilmington Transit Authority  
(A Discretely Presented Component Unit)**

**Year Ended June 30, 2003**

Revenues:	
Charges for services	\$ 495,723
Other operating revenue	<u>13,379</u>
Total operating revenues	<u>509,102</u>
Operating expenses:	
Labor	1,055,104
Fringe benefits	650,586
Materials and supplies	385,496
Purchased services	98,662
Utilities	39,539
Insurance	54,166
Taxes and licenses	2,291
Miscellaneous	16,934
Taxicab and leases	105,835
Depreciation	<u>135,424</u>
Total operating expenses	<u>2,544,037</u>
Operating loss	(2,034,935)
Nonoperating income:	
Operating subsidy	<u>1,899,511</u>
Loss before capital contributions	(135,424)
Capital contributions	<u>3,777,308</u>
Change in net assets	3,641,884
Net assets at beginning of year	<u>849,813</u>
Net assets at end of year	<u>\$ 4,491,697</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Cash Flows -  
Wilmington Transit Authority  
(A Discretely Presented Component Unit)**

**Year Ended June 30, 2003**

Cash flows from operating activities:	
Receipts from customers and users	\$ 471,363
Payments to suppliers	(683,621)
Payments to or on behalf of employees	<u>(1,697,269)</u>
Net cash used in operating activities	<u>(1,909,527)</u>
Cash flows from noncapital and related financing activities:	
Advances from primary government	8,266
Operating subsidy	<u>1,899,511</u>
Net cash provided by noncapital and related financing activities	<u>1,907,777</u>
Net decrease in cash and cash equivalents	(1,750)
Cash and cash equivalents at beginning of year	<u>36,773</u>
Cash and cash equivalents at end of year	<u><u>\$ 35,023</u></u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (2,034,935)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	135,424
Changes in assets and liabilities:	
Accounts receivable	(45,948)
Due from other governments	23,189
Inventory of material and supplies	16,446
Prepaid expenses	497
Due from management company	71,900
Accounts payable and accrued liabilities	(84,309)
Deferred revenues	<u>8,209</u>
Net cash used in operating activities	<u>\$ (1,909,527)</u>
Supplemental disclosure of noncash investing, capital and related financing activities:	
Contribution of capital assets	\$ 3,777,308

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**CITY OF WILMINGTON, NORTH CAROLINA**

**General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual**

**Year Ended June 30, 2003**

	2003		Variance Positive (Negative)	
	Budget	Actual		
Revenues:				
Ad valorem taxes:				
Current year	\$ 38,021,135	\$ 38,241,980	\$ 220,845	
Prior years	460,000	767,887	307,887	
Penalties and interest	<u>85,000</u>	<u>191,259</u>	<u>106,259</u>	
Total	<u>38,566,135</u>	<u>39,201,126</u>	<u>634,991</u>	
Other taxes:				
Room occupancy tax	300,000	151,062	(148,938)	
Local option sales tax	10,690,000	10,906,730	216,730	
Franchise tax	2,125,000	4,303,926	2,178,926	
Rental vehicle tax	<u>130,000</u>	<u>129,349</u>	<u>(651)</u>	
Total	<u>13,245,000</u>	<u>15,491,067</u>	<u>2,246,067</u>	
Unrestricted intergovernmental:				
Payment in lieu of taxes	51,000	-	(51,000)	
Beer and wine	-	385,156	385,156	
ABC revenue	460,000	576,352	116,352	
Court fees	<u>40,000</u>	<u>42,886</u>	<u>2,886</u>	
Total	<u>551,000</u>	<u>1,004,394</u>	<u>453,394</u>	
Restricted intergovernmental:				
Powell bill	2,866,815	2,740,953	(125,862)	
Categorical grants:				
Transportation	1,134,627	1,090,865	(43,762)	
Hurricane disaster assistance	-	83,683	83,683	
Other	<u>242,000</u>	<u>241,790</u>	<u>(210)</u>	
Total	<u>4,243,442</u>	<u>4,157,291</u>	<u>(86,151)</u>	
Licenses and permits:				
Privilege licenses	1,050,000	1,139,153	89,153	
Motor vehicle licenses	295,000	326,274	31,274	
CATV fees	900,000	966,832	66,832	
Other permits and fees	<u>115,000</u>	<u>125,207</u>	<u>10,207</u>	
Total	<u>2,360,000</u>	<u>2,557,466</u>	<u>197,466</u>	



**CITY OF WILMINGTON, NORTH CAROLINA**

**General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual (Continued)**

**Year Ended June 30, 2003**

	2003		Variance Positive (Negative)	
	Budget	Actual		
Revenues: (continued)				
Sales and services:				
Parking collections	\$ 1,000	\$ 1,055	\$ 55	
Charges to water and sewer	1,264,100	1,264,100	-	
Charges to storm water	550,000	550,000	-	
Charges to ground water	25,750	25,750	-	
Charges to community development	507,810	414,600	(93,210)	
Charges to home program	80,000	50,000	(30,000)	
Charges to special purpose	-	36,057	36,057	
Charges to solid waste	447,212	447,212	-	
Charges to golf course	75,080	75,080	-	
Charges to parking facilities	-	29,000	29,000	
Recreation department sales and service	212,748	351,593	138,845	
Other departmental charges	741,000	775,971	34,971	
Central services charges	<u>76,500</u>	<u>45,001</u>	<u>(31,499)</u>	
Total	<u>3,981,200</u>	<u>4,065,419</u>	<u>84,219</u>	
Fines and forfeits:				
Civil citations	<u>30,000</u>	<u>46,667</u>	<u>16,667</u>	
Interest earnings:				
Investment earnings	800,000	379,791	(420,209)	
Interest on liens	<u>-</u>	<u>6,368</u>	<u>6,368</u>	
Total	<u>800,000</u>	<u>386,159</u>	<u>(413,841)</u>	
Miscellaneous:				
Sale of real estate, equipment and material	-	8,873	8,873	
Rents	110,000	104,785	(5,215)	
Other	<u>50,000</u>	<u>28,382</u>	<u>(21,618)</u>	
Total	<u>160,000</u>	<u>142,040</u>	<u>(17,960)</u>	
Total revenues	<u>63,936,777</u>	<u>67,051,629</u>	<u>3,114,852</u>	

**CITY OF WILMINGTON, NORTH CAROLINA**

**General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual (Continued)**

**Year Ended June 30, 2003**

	2003		Variance Positive (Negative)	
	Budget	Actual		
Expenditures:				
General government:				
City Council and Clerk	\$ 296,527	\$ 300,542	\$ (4,015)	
City Manager	727,362	646,187	81,175	
Human Resource Management	591,684	579,925	11,759	
City Attorney	540,242	529,822	10,420	
Finance	2,455,192	2,425,253	29,939	
Management Services	1,507,137	1,350,659	156,478	
Central Services	601,876	549,172	52,704	
Development Services	3,374,900	2,905,926	468,974	
Public Services	1,983,897	1,905,292	78,605	
Contributions to other agencies	210,960	219,229	(8,269)	
Nondepartmental	1,911,238	1,878,900	32,338	
Total	<u>14,201,015</u>	<u>13,290,907</u>	<u>910,108</u>	
Public safety:				
Police	16,926,761	16,111,699	815,062	
Fire	<u>11,077,395</u>	<u>10,654,784</u>	<u>422,611</u>	
Total	<u>28,004,156</u>	<u>26,766,483</u>	<u>1,237,673</u>	
Transportation:				
Traffic engineering	3,633,220	3,067,184	566,036	
Streets	1,731,727	1,401,771	329,956	
Storm water management fee	<u>1,117,000</u>	<u>1,117,000</u>	<u>-</u>	
Total	<u>6,481,947</u>	<u>5,585,955</u>	<u>895,992</u>	
Economic and physical development:				
Economic and community development	2,034,697	1,734,564	300,133	
Contributions to other agencies	<u>944,275</u>	<u>790,411</u>	<u>153,864</u>	
Total	<u>2,978,972</u>	<u>2,524,975</u>	<u>453,997</u>	
Cultural and recreational:				
Parks and recreation	4,113,152	3,856,484	256,668	
Contributions to other agencies	<u>35,000</u>	<u>25,000</u>	<u>10,000</u>	
Total	<u>4,148,152</u>	<u>3,881,484</u>	<u>266,668</u>	
Transit system:				
Wilmington Transit Authority	<u>1,885,050</u>	<u>1,899,511</u>	<u>(14,461)</u>	

**CITY OF WILMINGTON, NORTH CAROLINA**

**General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual (Continued)**

**Year Ended June 30, 2003**

	2003		Variance Positive (Negative)	
	Budget	Actual		
Expenditures: (continued)				
Hurricane disaster recovery	\$ -	\$ 77,177	\$ (77,177)	
Debt service:				
Principal retirement	4,261,040	4,262,148	(1,108)	
Interest and other charges	1,993,380	1,996,002	(2,622)	
Other debt service	30,000	3,039	26,961	
Total	<u>6,284,420</u>	<u>6,261,189</u>	<u>23,231</u>	
Total expenditures	<u>63,983,712</u>	<u>60,287,681</u>	<u>3,696,031</u>	
Excess of revenues over (under) expenditures	<u>(46,935)</u>	<u>6,763,948</u>	<u>6,810,883</u>	
Other financing sources (uses):				
Operating transfers - in:				
Special Purpose Fund	<u>665,800</u>	<u>661,850</u>	<u>(3,950)</u>	
Operating transfers - out:				
Special Purpose Fund	(647,438)	(634,446)	12,992	
Streets and Sidewalks Fund	(700,000)	(700,000)	-	
Parks and Recreation Fund	(230,000)	(230,000)	-	
Building Improvements Fund	(200,000)	(200,000)	-	
Solid Waste Management Fund	<u>(743,925)</u>	<u>(743,925)</u>	<u>-</u>	
Total operating transfers - out	<u>(2,521,363)</u>	<u>(2,508,371)</u>	<u>12,992</u>	
Appropriated fund balance	<u>1,902,498</u>	<u>-</u>	<u>(1,902,498)</u>	
Total other financing sources (uses)	<u>46,935</u>	<u>(1,846,521)</u>	<u>(1,893,456)</u>	
Net change in fund balance	<u>\$ -</u>	4,917,427	<u>\$ 4,917,427</u>	
Fund balance at beginning of year		25,218,016		
Change in reserve for inventories		<u>(28,514)</u>		
Fund balance at end of year		<u>\$ 30,106,929</u>		

**CITY OF WILMINGTON, NORTH CAROLINA**

**Special Purpose Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual**

**From Inception and Year Ended June 30, 2003**

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
<b>Revenues:</b>					
Restricted intergovernmental:					
Federal grants	\$ 7,712,020	\$ 2,667,796	\$ 3,770,560	\$ 6,438,356	\$(1,273,664)
State grants	8,976,551	3,022,060	3,338,781	6,360,841	(2,615,710)
Other governments	124,093	57,968	17,000	74,968	(49,125)
Total restricted intergovernmental	<u>16,812,664</u>	<u>5,747,824</u>	<u>7,126,341</u>	<u>12,874,165</u>	<u>(3,938,499)</u>
Investment earnings	<u>234,387</u>	<u>285,884</u>	<u>37,029</u>	<u>322,913</u>	<u>88,526</u>
Miscellaneous revenues:					
Red light traffic cameras	775,000	723,044	437,715	1,160,759	385,759
Other program income	84,143	97,901	6,732	104,633	20,490
Donations	64,592	82,211	10,425	92,636	28,044
Sale of property	6,615	6,615	-	6,615	-
Total miscellaneous revenues	<u>930,350</u>	<u>909,771</u>	<u>454,872</u>	<u>1,364,643</u>	<u>434,293</u>
Total revenues	<u>17,977,401</u>	<u>6,943,479</u>	<u>7,618,242</u>	<u>14,561,721</u>	<u>(3,415,680)</u>
<b>Expenditures:</b>					
Public safety projects:					
Santa Cop	2,796	2,492	-	2,492	304
Bulletproof Vest Partnership	85,080	49,918	34,798	84,716	364
COPS - Universal Hiring Program	1,729,200	1,155,371	506,563	1,661,934	67,266
First Step Enrichment Program	60,000	53,790	6,210	60,000	-
Rankin After School Program	2,875	1,680	795	2,475	400
Kids Making It	90,000	48,528	11,472	60,000	30,000
Cop camp	5,400	1,300	892	2,192	3,208
Community gun violence prosecution	149,844	28,276	49,647	77,923	71,921
Crisis housing assistance	2,988,000	112,650	1,869,637	1,982,287	1,005,713
Kids and Families Making It	68,755	-	48,830	48,830	19,925
Local Law Enforcement Block Grant	271,206	30,954	197,934	228,888	42,318
Safe Roads Traffic Unit	123,750	41,752	60,452	102,204	21,546
Child Safety Seat Station	3,015	-	2,964	2,964	51
Hazardous Materials Equipment	90,900	-	-	-	90,900
Vulnerability Assessment	115,000	-	97,965	97,965	17,035
Federal Forfeiture	777,958	728,268	29,341	757,609	20,349
North Carolina Drug Tax	161,474	151,029	8,054	159,083	2,391
Court Judgements	21,225	14,450	-	14,450	6,775
Project ASSIST	1,000	1,000	-	1,000	-
Total public safety	<u>6,747,478</u>	<u>2,421,458</u>	<u>2,925,554</u>	<u>5,347,012</u>	<u>1,400,466</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Special Purpose Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual (Continued)**

**From Inception and Year Ended June 30, 2003**

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Expenditures:(continued)					
Transportation:					
WTA Capital purchases	\$ 96,690	\$ 96,690	\$ -	\$ 96,690	\$ -
McMillan Avenue Bike Path	287,220	640	119,207	119,847	167,373
National Trails Program 2000	49,500	-	28,767	28,767	20,733
Red light traffic cameras	706,800	401,054	304,781	705,835	965
Wilmington Railroad Museum	108,400	-	85,000	85,000	23,400
WTA Handicap Vans	90,000	73,334	-	73,334	16,666
Transit master plan	175,000	53,108	47,280	100,388	74,612
Transportation demand coordinator	120,000	26,206	53,668	79,874	40,126
WTA service truck	26,000	-	22,488	22,488	3,512
WTA technology	25,660	-	25,660	25,660	-
WTA bus purchase	4,798,400	-	3,598,894	3,598,894	1,199,506
Transit capital purchases	206,386	-	129,384	129,384	77,002
Transit operating capital	63,173	25,634	253	25,887	37,286
NCDOT State Maintenance	91,387	82,059	-	82,059	9,328
WTA Section 3 Capital Assistance	277,032	264,284	-	264,284	12,748
WTA Bus Purchases 1999	429,261	391,522	-	391,522	37,739
WTA Capital Support Vehicles	55,000	42,016	-	42,016	12,984
WTA Cutaway Buses	<u>166,440</u>	<u>166,140</u>	<u>-</u>	<u>166,140</u>	<u>300</u>
Total transportation	<u>7,772,349</u>	<u>1,622,687</u>	<u>4,415,382</u>	<u>6,038,069</u>	<u>1,734,280</u>
Economic and physical development projects:					
Brownfield Pilots Cooperative Agreement	300,000	198,699	12,993	211,692	88,308
Affordable housing program	1,000,000	106,367	196,025	302,392	697,608
Historic Preservation	32,500	15,500	14,500	30,000	2,500
UDAG Income Projects	431,990	409,288	-	409,288	22,702
Trolley Station	3,716	2,123	-	2,123	1,593
Downtown Development Plan	80,000	80,000	-	80,000	-
Government Information Channel	<u>50,000</u>	<u>47,510</u>	<u>-</u>	<u>47,510</u>	<u>2,490</u>
Total economic and physical development	<u>1,898,206</u>	<u>859,487</u>	<u>223,518</u>	<u>1,083,005</u>	<u>815,201</u>
Cultural and recreational projects:					
Storm water outreach demonstration project	144,000	-	69,080	69,080	74,920
July Fourth celebration	5,000	-	986	986	4,014
Public floating docks	53,700	-	53,700	53,700	-
Bicycle Advisory	<u>6,150</u>	<u>4,345</u>	<u>25</u>	<u>4,370</u>	<u>1,780</u>
Total cultural and recreational	<u>208,850</u>	<u>4,345</u>	<u>123,791</u>	<u>128,136</u>	<u>80,714</u>
Total expenditures	<u>16,626,883</u>	<u>4,907,977</u>	<u>7,688,245</u>	<u>12,596,222</u>	<u>4,030,661</u>
Excess of revenues over (under) expenditures	<u>1,350,518</u>	<u>2,035,502</u>	<u>(70,003)</u>	<u>1,965,499</u>	<u>614,981</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Special Purpose Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual (Continued)**

**From Inception and Year Ended June 30, 2003**

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Other financing sources (uses):					
Operating transfers - in:					
UDAG Loan Fund	\$ 335,702	\$ 582,232	\$ 6,005	\$ 588,237	\$ 252,535
Community Development Fund	297,120	297,120	-	297,120	-
GF-HOP Loan Fund	1,000,000	1,000,000	-	1,000,000	-
Storm Water Management Fund	24,000	12,400	6,000	18,400	(5,600)
General Fund	<u>1,538,601</u>	<u>973,978</u>	<u>634,446</u>	<u>1,608,424</u>	<u>69,823</u>
Total operating transfers - in	<u>3,195,423</u>	<u>2,865,730</u>	<u>646,451</u>	<u>3,512,181</u>	<u>316,758</u>
Operating transfers - out:					
General Fund	(4,100,719)	(2,400,420)	(661,850)	(3,062,270)	1,038,449
Streets and Sidewalks Fund	(68,200)	-	(68,200)	(68,200)	-
UDAG Loan Fund	(46,130)	-	(46,130)	(46,130)	-
Home Investment Partnership Fund	<u>(249,202)</u>	<u>(249,202)</u>	<u>-</u>	<u>(249,202)</u>	<u>-</u>
Total operating transfers - out	<u>(4,464,251)</u>	<u>(2,649,622)</u>	<u>(776,180)</u>	<u>(3,425,802)</u>	<u>1,038,449</u>
Transfers to component unit	<u>(81,690)</u>	<u>(83,972)</u>	<u>-</u>	<u>(83,972)</u>	<u>(2,282)</u>
Total other financing sources (uses)	<u>(1,350,518)</u>	<u>132,136</u>	<u>(129,729)</u>	<u>2,407</u>	<u>1,352,925</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 2,167,638</u>	<u>(199,732)</u>	<u>\$ 1,967,906</u>	<u>\$ 1,967,906</u>
Fund balance at beginning of year			<u>2,167,933</u>		
Fund balance at end of year			<u>\$ 1,968,201</u>		

**CITY OF WILMINGTON, NORTH CAROLINA**

**Community Development Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual**

**From Inception and Year Ended June 30, 2003**

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental:					
Federal grants	<u>\$ 11,894,720</u>	<u>\$ 10,066,077</u>	<u>\$ 1,349,482</u>	<u>\$ 11,415,559</u>	<u>\$ (479,161)</u>
Investment earnings	<u>17,826</u>	<u>17,825</u>	<u>-</u>	<u>17,825</u>	<u>(1)</u>
Miscellaneous revenues:					
Contracted services	5,310	5,310	-	5,310	-
Sale of property	5,220	5,220	23,000	28,220	23,000
Insurance reimbursement	200	200	400	600	400
Refunds	467,988	480,545	-	480,545	12,557
Rental income	<u>5,321</u>	<u>5,317</u>	<u>-</u>	<u>5,317</u>	<u>(4)</u>
Total miscellaneous revenues	<u>484,039</u>	<u>496,592</u>	<u>23,400</u>	<u>519,992</u>	<u>35,953</u>
Total revenues	<u>12,396,585</u>	<u>10,580,494</u>	<u>1,372,882</u>	<u>11,953,376</u>	<u>(443,209)</u>
Expenditures:					
Economic and physical development projects:					
Acquisition	719,244	690,865	32,026	722,891	(3,647)
Disposition	3,000	3,000	-	3,000	-
James A. Walker Apartments	4,042	4,042	-	4,042	-
Transitional housing	260,000	260,000	-	260,000	-
Project self sufficiency	150,000	150,000	-	150,000	-
Public facilities	605,753	95,100	499,000	594,100	11,653
Demolition	185,867	114,617	21,985	136,602	49,265
Hospice	20,000	20,000	-	20,000	-
Domestic Violence	116,800	106,800	10,000	116,800	-
Shelter for homeless	372,650	339,639	32,997	372,636	14
Youth sports club	33,985	33,984	-	33,984	1
Rankin Park	50,720	50,720	-	50,720	-
Community Boys Club	332,400	294,776	34,871	329,647	2,753
Five Points Center	36,000	36,000	-	36,000	-
Shaw-Speaks Center	74,942	74,794	-	74,794	148
Home security system	9,680	9,680	-	9,680	-
Lot cleaning	73,000	64,083	994	65,077	7,923
Elderhaus	34,655	34,654	-	34,654	1
Volunteers of America	170,000	149,145	20,000	169,145	855
Coastal Horizon Center	23,240	3,238	14,968	18,206	5,034
Girls, Inc.	90,600	78,600	12,000	90,600	-
Association of Retarded Children	6,000	6,000	-	6,000	-
Family Services	272,550	235,548	35,910	271,458	1,092

**CITY OF WILMINGTON, NORTH CAROLINA**

**Community Development Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual (Continued)**

**From Inception and Year Ended June 30, 2003**

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Expenditures: (continued)					
Economic and physical development projects:(continued)					
Americorp match	\$ 127,885	\$ 96,795	\$ 28,962	\$ 125,757	\$ 2,128
Coalition of Success	13,500	13,500	-	13,500	-
Head Start of Wilmington	125,414	112,411	-	112,411	13,003
St. Stephens homeless shelter	2,850	2,847	-	2,847	3
Stepping Stone Manor	9,000	9,000	-	9,000	-
Cure AIDS of Wilmington	15,000	15,000	-	15,000	-
Mercy House shelter	10,000	10,000	-	10,000	-
Dreams of Wilmington	20,000	20,000	9,991	29,991	(9,991)
Food Bank of Coastal Carolina	2,000	2,000	-	2,000	-
Bottom Neighborhood Association	4,898	4,777	-	4,777	121
Brigade Boys and Girls Club	122,000	122,000	-	122,000	-
St. Mary's social ministry	5,150	-	-	-	5,150
Leading Into New Communities	30,000	-	21,496	21,496	8,504
Amigos International	-	-	10,298	10,298	(10,298)
First Fruit Ministries	10,000	-	10,000	10,000	-
Neighborhood grant program	71,586	55,664	-	55,664	15,922
Relocation	67,270	64,230	11,068	75,298	(8,028)
Hardship grants	15,628	15,628	-	15,628	-
Energy repairs/housing	65,110	1,900	58,206	60,106	5,004
Administration and warranty	15,029	15,029	-	15,029	-
Lead-based paint testing	950	1,105	-	1,105	(155)
Section 108 loan	272,166	273,020	-	273,020	(854)
Architect/engineer study	12,000	12,000	-	12,000	-
Home housing study	10,000	10,000	-	10,000	-
Wilmington Community Coalition	70,000	39,949	-	39,949	30,051
North Fourth Street revitalization	509,638	508,998	-	508,998	640
Castle Street	223,700	170,709	-	170,709	52,991
Business training	10,130	2,753	19,932	22,685	(12,555)
Commercial plans	56,192	56,192	-	56,192	-
Economic development	306,731	165,976	-	165,976	140,755
Charges for services	3,679,417	3,329,817	274,600	3,604,417	75,000
Equipment/administration	34,035	30,448	-	30,448	3,587
Fair housing	5,000	3,528	547	4,075	925
Code enforcement	508,000	368,000	140,000	508,000	-
Planning	10,000	10,000	-	10,000	-
Total expenditures	10,085,407	8,398,561	1,299,851	9,698,412	386,995
Excess of revenues over expenditures	2,311,178	2,181,933	73,031	2,254,964	(56,214)



**CITY OF WILMINGTON, NORTH CAROLINA**

**Community Development Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual (Continued)**

**From Inception and Year Ended June 30, 2003**

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Other financing sources (uses):					
Operating transfers - in:					
UDAG Loan Fund	\$ 327,120	\$ 327,120	\$ -	\$ 327,120	\$ -
Commercial Loan Fund	1,135,258	1,082,396	1,861	1,084,257	(51,001)
Construction Loan Fund	100	104	-	104	4
Economic Development Loan Fund	-	42,702	-	42,702	42,702
Rehabilitation Loan Fund	45,000	-	45,000	45,000	-
Rental Rehabilitation Loan Fund	<u>243,943</u>	<u>249,240</u>	<u>6,993</u>	<u>256,233</u>	<u>12,290</u>
Total operating transfers - in	<u>1,751,421</u>	<u>1,701,562</u>	<u>53,854</u>	<u>1,755,416</u>	<u>3,995</u>
Operating transfers - out:					
Loan Funds	(2,787,479)	(2,608,403)	(126,885)	(2,735,288)	52,191
Special Purpose Fund	(297,120)	(297,120)	-	(297,120)	-
Streets and Sidewalks Fund	(278,000)	(277,972)	-	(277,972)	28
Parks and Recreation Fund	(450,000)	(450,000)	-	(450,000)	-
Public Improvements Fund	<u>(250,000)</u>	<u>(250,000)</u>	<u>-</u>	<u>(250,000)</u>	<u>-</u>
Total operating transfers - out	<u>(4,062,599)</u>	<u>(3,883,495)</u>	<u>(126,885)</u>	<u>(4,010,380)</u>	<u>52,219</u>
Total other financing uses	<u>(2,311,178)</u>	<u>(2,181,933)</u>	<u>(73,031)</u>	<u>(2,254,964)</u>	<u>56,214</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance at beginning of year			<u>-</u>		
Fund balance at end of year			<u>\$ -</u>		

**CITY OF WILMINGTON, NORTH CAROLINA**

**Home Investment Partnership Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual**

**From Inception and Year Ended June 30, 2003**

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental:					
Federal grants	\$ 5,981,000	\$ 4,161,871	\$ 890,616	\$ 5,052,487	\$ (928,513)
Miscellaneous	<u>148,130</u>	<u>154,377</u>	<u>-</u>	<u>154,377</u>	<u>6,247</u>
Total revenues	<u>6,129,130</u>	<u>4,316,248</u>	<u>890,616</u>	<u>5,206,864</u>	<u>(922,266)</u>
Expenditures:					
Economic and physical development projects:					
Homeless rental housing	71,000	-	-	-	71,000
Tenant based assistance	237,500	222,887	-	222,887	14,613
Community Development Housing					
Organizations	1,957,905	1,132,063	765,796	1,897,859	60,046
Superblock program	251,300	224,445	-	224,445	26,855
Charges for services	237,723	231,050	50,000	281,050	(43,327)
Miscellaneous	<u>-</u>	<u>991</u>	<u>5,071</u>	<u>6,062</u>	<u>(6,062)</u>
Total expenditures	<u>2,755,428</u>	<u>1,811,436</u>	<u>820,867</u>	<u>2,632,303</u>	<u>123,125</u>
Excess of revenues over expenditures	<u>3,373,702</u>	<u>2,504,812</u>	<u>69,749</u>	<u>2,574,561</u>	<u>(799,141)</u>
Other financing sources (uses):					
Operating transfers - in:					
Special Purpose Fund	249,202	249,202	-	249,202	-
Home Loan Fund	176,590	167,993	99,895	267,888	91,298
Rental Rehabilitation Fund	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>30,000</u>	<u>-</u>
Total operating transfers - in	455,792	447,195	99,895	547,090	91,298
Operating transfers - out:					
Home Loan Fund	<u>(3,829,494)</u>	<u>(2,952,007)</u>	<u>(169,644)</u>	<u>(3,121,651)</u>	<u>707,843</u>
Total other financing uses	<u>(3,373,702)</u>	<u>(2,504,812)</u>	<u>(69,749)</u>	<u>(2,574,561)</u>	<u>799,141</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance at beginning of year			<u>-</u>		
Fund balance at end of year			<u>\$ -</u>		

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**CITY OF WILMINGTON, NORTH CAROLINA**

**Streets and Sidewalks Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual**

**From Inception and Year Ended June 30, 2003**

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
<b>Revenues:</b>					
Restricted intergovernmental	\$ 992,240	\$ -	\$ -	\$ -	\$ (992,240)
Investment earnings	407,690	1,109,351	67,005	1,176,356	768,666
Donations	65,630	65,636	-	65,636	6
Miscellaneous	<u>346,285</u>	<u>319,104</u>	<u>94,609</u>	<u>413,713</u>	<u>67,428</u>
Total revenues	<u>1,811,845</u>	<u>1,494,091</u>	<u>161,614</u>	<u>1,655,705</u>	<u>(156,140)</u>
<b>Expenditures:</b>					
<b>Transportation:</b>					
Utility cuts program	346,285	43,402	119,836	163,238	183,047
Jervay infrastructure	150,000	-	-	-	150,000
Streets and sidewalk inventory	160,000	78,208	-	78,208	81,792
Pine Valley sidewalks	320,000	177,706	95,928	273,634	46,366
Street improvements 2000-01	37,232	36,989	-	36,989	243
Independence Boulevard	1,021,005	9,900	911,461	921,361	99,644
Sidewalk construction 2000-01	72,924	2,923	52,166	55,089	17,835
Traffic signal improvement	80,745	786	-	786	79,959
Bridge reinspection	5,590	-	1,000	1,000	4,590
Street rehabilitation 2001-02	998,101	16,419	655,590	672,009	326,092
Brunswick Street brick enhancements	178,000	157,377	-	157,377	20,623
Independence Boulevard sound wall	520,109	308,707	194,673	503,380	16,729
Sidewalk rehabilitation 2001-02	479,576	1,607	421,032	422,639	56,937
Sidewalk assessment program	200,000	-	-	-	200,000
Eastwood Road bike path	545,240	-	-	-	545,240
Street rehabilitation 2002-03	550,000	-	-	-	550,000
Wrightsville and MacMillan Avenues	205,200	-	124	124	205,076
Dawson/Wooster street improvements	100,000	-	-	-	100,000
Marstellar CSX railroad crossing	15,000	-	-	-	15,000
Sidewalk rehabilitation 2002-03	150,000	-	47,916	47,916	102,084
Park Avenue paved shoulders	220,000	-	-	-	220,000
Wooster Street sidewalks	165,000	-	-	-	165,000
Love Grove access	125,000	-	-	-	125,000
Street paving 1995-96	294,000	294,000	-	294,000	-
New sidewalk construction 1995-96	158,000	158,000	-	158,000	-
Gillette drainage	60,000	-	-	-	60,000
Street rehabilitation 1996-97	745,000	666,076	-	666,076	78,924
Water Street improvements	330,000	235,753	-	235,753	94,247
Park Avenue paving	1,593,490	1,465,397	-	1,465,397	128,093
Wrightsville Avenue reconstruction	1,535,900	1,399,597	-	1,399,597	136,303

(Continued)

**CITY OF WILMINGTON, NORTH CAROLINA**

**Streets and Sidewalks Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual (Continued)**

**From Inception and Year Ended June 30, 2003**

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Expenditures (continued):					
Transportation (continued):					
Street resurfacing 1997-98	\$ 45,000	\$ 40,807	\$ -	\$ 40,807	\$ 4,193
Live Oak/Park Avenue rehabilitation	<u>15,000</u>	<u>12,318</u>	<u>-</u>	<u>12,318</u>	<u>2,682</u>
Total expenditures	<u>11,421,397</u>	<u>5,105,972</u>	<u>2,499,726</u>	<u>7,605,698</u>	<u>3,815,699</u>
Excess of expenditures over revenues	<u>(9,609,552)</u>	<u>(3,611,881)</u>	<u>(2,338,112)</u>	<u>(5,949,993)</u>	<u>3,659,559</u>
Other financing sources (uses):					
Operating transfers - in:					
General Fund	5,374,016	4,674,017	700,000	5,374,017	1
Special Purpose Fund	<u>68,200</u>	<u>-</u>	<u>68,200</u>	<u>68,200</u>	<u>-</u>
Total operating transfers - in	<u>5,442,216</u>	<u>4,674,017</u>	<u>768,200</u>	<u>5,442,217</u>	<u>1</u>
Operating transfers - out:					
Parks and Recreation Fund	(95,000)	(95,000)	-	(95,000)	-
Bond sale proceeds	3,535,409	3,535,409	-	3,535,409	-
Proceeds from installment obligation	<u>726,927</u>	<u>726,928</u>	<u>-</u>	<u>726,928</u>	<u>1</u>
Total other financing sources	<u>9,609,552</u>	<u>8,841,354</u>	<u>768,200</u>	<u>9,609,554</u>	<u>2</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 5,229,473</u>	<u>(1,569,912)</u>	<u>\$ 3,659,561</u>	<u>\$ 3,659,561</u>
Fund balance at beginning of year			<u>5,229,473</u>		
Fund balance at end of year			<u>\$ 3,659,561</u>		

**CITY OF WILMINGTON, NORTH CAROLINA**

**Parks and Recreation Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual**

**From Inception and Year Ended June 30, 2003**

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental	\$ 925,000	\$ 825,000	\$ -	\$ 825,000	\$ (100,000)
Investment earnings	40,000	696,794	70,318	767,112	727,112
Donations	80,000	80,000	-	80,000	-
Total revenues	<u>1,045,000</u>	<u>1,601,794</u>	<u>70,318</u>	<u>1,672,112</u>	<u>627,112</u>
Expenditures:					
Cultural and recreational:					
Park improvements 1999-2000	138,862	134,880	3,982	138,862	-
Playground improvements 1999-2000	166,946	130,257	34,095	164,352	2,594
Riverwalk South	2,554,500	812,282	1,549,177	2,361,459	193,041
Riverwalk North	1,572,000	5,450	274,393	279,843	1,292,157
Hilton Park	100,000	-	-	-	100,000
Park improvements 2000-01	131,362	94,780	18,334	113,114	18,248
Greenfield amphitheater	500,000	215,399	-	215,399	284,601
Park improvements 2002-03	100,000	-	-	-	100,000
Riverfront Park improvements	60,000	-	-	-	60,000
Community Arts center	100,000	-	13,105	13,105	86,895
Legion Stadium	6,940,000	5,253,812	399,050	5,652,862	1,287,138
South 17th Street park	1,876,493	185,253	45,993	231,246	1,645,247
Riverwalk South - Muter's Alley	261,042	254,792	-	254,792	6,250
St Andrews Arts Center	540,000	540,000	-	540,000	-
Total expenditures	<u>15,041,205</u>	<u>7,626,905</u>	<u>2,338,129</u>	<u>9,965,034</u>	<u>5,076,171</u>
Excess of expenditures over revenues	<u>(13,996,205)</u>	<u>(6,025,111)</u>	<u>(2,267,811)</u>	<u>(8,292,922)</u>	<u>5,703,283</u>
Other financing sources:					
Operating transfers - in:					
General Fund	2,368,212	2,133,217	230,000	2,363,217	(4,995)
Community Development Fund	450,000	450,000	-	450,000	-
Streets and Sidewalks Fund	120,000	120,000	-	120,000	-
Public Improvements Fund	-	5,000	-	5,000	5,000
Total operating transfers - in	<u>2,938,212</u>	<u>2,708,217</u>	<u>230,000</u>	<u>2,938,217</u>	<u>5</u>
Bond sale proceeds	2,821,493	2,821,493	-	2,821,493	-
Proceeds from installment obligations	<u>8,236,500</u>	<u>5,500,000</u>	<u>2,797,773</u>	<u>8,297,773</u>	<u>61,273</u>
Total other financing sources	<u>13,996,205</u>	<u>11,029,710</u>	<u>3,027,773</u>	<u>14,057,483</u>	<u>61,278</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 5,004,599</u>	<u>759,962</u>	<u>\$ 5,764,561</u>	<u>\$ 5,764,561</u>
Fund balance at beginning of year			<u>5,004,599</u>		
Fund balance at end of year			<u>\$ 5,764,561</u>		

**CITY OF WILMINGTON, NORTH CAROLINA**

**Building Improvements Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual**

**From Inception and Year Ended June 30, 2003**

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental	\$ 185,794	\$ 185,794	\$ -	\$ 185,794	\$ -
Investment earnings	805,280	840,296	23,718	864,014	58,734
Sale of real estate	1,163,370	1,162,979	-	1,162,979	(391)
Miscellaneous	-	5,958	-	5,958	5,958
Total revenues	<u>2,154,444</u>	<u>2,195,027</u>	<u>23,718</u>	<u>2,218,745</u>	<u>64,301</u>
Expenditures:					
General government:					
Building improvements 1999-2000	324,496	316,650	1,950	318,600	5,896
Kenan fountain restoration	240,000	38,000	-	38,000	202,000
City Hall/Thalian Hall	228,960	217,959	-	217,959	11,001
Police building	4,100,000	128,738	30,470	159,208	3,940,792
Convention Center	210,200	199,540	6,971	206,511	3,689
Fire station improvements 2000-01	151,325	103,179	35,089	138,268	13,057
1998 Annexation fire stations	154,500	38,527	4,500	43,027	111,473
Community Arts Center	92,541	-	-	-	92,541
Building Improvements 2001-02	255,000	-	216,940	216,940	38,060
Administrative office building	1,525,424	1,051,550	17,098	1,068,648	456,776
City council chambers	50,000	49,506	-	49,506	494
Multi-modal facility study	162,000	-	-	-	162,000
Building Improvements 2002-03	200,000	-	6,695	6,695	193,305
Pine Valley fire station	1,063,300	1,026,288	-	1,026,288	37,012
Annexation fire stations	2,594,346	2,535,126	-	2,535,126	59,220
New fire headquarters	6,529,601	6,505,040	9,760	6,514,800	14,801
Communication equipment - technology enhancements	1,693,894	1,685,669	-	1,685,669	8,225
Operations center	<u>9,676,000</u>	<u>2,787,931</u>	<u>1,262,313</u>	<u>4,050,244</u>	<u>5,625,756</u>
Total expenditures	<u>29,251,587</u>	<u>16,683,703</u>	<u>1,591,786</u>	<u>18,275,489</u>	<u>10,976,098</u>
Excess of expenditures over revenues	<u>(27,097,143)</u>	<u>(14,488,676)</u>	<u>(1,568,068)</u>	<u>(16,056,744)</u>	<u>11,040,399</u>
Other financing sources:					
Operating transfers - in:					
General Fund	3,617,088	3,418,725	200,000	3,618,725	1,637
Bond proceeds	519,555	519,555	-	519,555	-
Proceeds from installment obligations	<u>22,960,500</u>	<u>12,301,000</u>	<u>1,440,038</u>	<u>13,741,038</u>	<u>(9,219,462)</u>
Total other financing sources	<u>27,097,143</u>	<u>16,239,280</u>	<u>1,640,038</u>	<u>17,879,318</u>	<u>(9,217,825)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,750,604</u>	<u>71,970</u>	<u>\$ 1,822,574</u>	<u>\$ 1,822,574</u>
Fund balance at beginning of year			<u>1,750,604</u>		
Fund balance at end of year			<u>\$ 1,822,574</u>		

**CITY OF WILMINGTON, NORTH CAROLINA**

**Public Improvements Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual**

**From Inception and Year Ended June 30, 2003**

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental	\$ 18,840	\$ 16,625	\$ -	\$ 16,625	\$ (2,215)
Investment earnings	<u>227,138</u>	<u>438,270</u>	<u>9,283</u>	<u>447,553</u>	<u>220,415</u>
Total revenues	<u>245,978</u>	<u>454,895</u>	<u>9,283</u>	<u>464,178</u>	<u>218,200</u>
Expenditures:					
Capital projects:					
Transportation - streets and sidewalks:					
Median restoration	167,494	27,998	-	27,998	139,496
Sidewalk Construction 1995-96	<u>121,681</u>	<u>25,296</u>	<u>-</u>	<u>25,296</u>	<u>96,385</u>
Total transportation - streets and sidewalks	<u>289,175</u>	<u>53,294</u>	<u>-</u>	<u>53,294</u>	<u>235,881</u>
Cultural and recreational:					
Legion Stadium improvements	<u>30,000</u>	<u>29,218</u>	<u>-</u>	<u>29,218</u>	<u>782</u>
General government:					
ADA compliance	398,423	297,862	-	297,862	100,561
Pine Valley fire station	200,000	200,000	-	200,000	-
Annexation fire stations	<u>25,803</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,803</u>
Total general government	<u>624,226</u>	<u>497,862</u>	<u>-</u>	<u>497,862</u>	<u>126,364</u>
Total expenditures	<u>943,401</u>	<u>580,374</u>	<u>-</u>	<u>580,374</u>	<u>363,027</u>
Excess of revenues over (under) expenditures	<u>(697,423)</u>	<u>(125,479)</u>	<u>9,283</u>	<u>(116,196)</u>	<u>581,227</u>
Other financing sources (uses):					
Operating transfers - in:					
General Fund	783,923	615,925	-	615,925	(167,998)
Operating transfers - out:					
Parks and Recreation Fund	<u>(86,500)</u>	<u>(5,000)</u>	<u>-</u>	<u>(5,000)</u>	<u>81,500</u>
Total other financing sources, net	<u>697,423</u>	<u>610,925</u>	<u>-</u>	<u>610,925</u>	<u>(86,498)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 485,446</u>	<u>9,283</u>	<u>\$ 494,729</u>	<u>\$ 494,729</u>
Fund balance at beginning of year			<u>562,668</u>		
Fund balance at end of year			<u>\$ 571,951</u>		



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**CITY OF WILMINGTON, NORTH CAROLINA**

**Water and Sewer Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP)**

**Year Ended June 30, 2003**

	2003		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Operating revenues:			
Charges for services:			
Water charges	\$ 8,446,820	\$ 7,953,457	\$ (493,363)
Sewer charges	12,052,630	11,075,798	(976,832)
Total charges for services	<u>20,499,450</u>	<u>19,029,255</u>	<u>(1,470,195)</u>
Other operating revenues:			
Connection or reconnection fees	1,748,000	1,278,706	(469,294)
Hydrant rentals	316,000	313,000	(3,000)
Fire protection charges	68,000	152,048	84,048
Total other operating revenues	<u>2,132,000</u>	<u>1,743,754</u>	<u>(388,246)</u>
Total operating revenues	<u>22,631,450</u>	<u>20,773,009</u>	<u>(1,858,441)</u>
Nonoperating revenues:			
Facility impact fees	1,200,000	1,787,287	587,287
Investment earnings	1,000,000	196,442	(803,558)
Sale of real estate	<u>-</u>	<u>11,100</u>	<u>11,100</u>
Total nonoperating revenues	<u>2,200,000</u>	<u>1,994,829</u>	<u>(205,171)</u>
Total revenues	<u>24,831,450</u>	<u>22,767,838</u>	<u>(2,063,612)</u>
Expenditures:			
Operating expenditures:			
Line maintenance and repair and billing and meter reading	3,030,041	2,929,278	100,763
Administration	414,466	378,997	35,469
Water treatment	4,543,336	3,697,680	845,656
Wastewater treatment	5,196,379	4,492,900	703,479
Environmental services	1,223,852	1,105,496	118,356
Miscellaneous	<u>1,411,301</u>	<u>1,386,610</u>	<u>24,691</u>
Total operating expenditures	<u>15,819,375</u>	<u>13,990,961</u>	<u>1,828,414</u>
Nonoperating expenditures:			
Interest and other charges	2,933,703	2,802,777	130,926
Principal payments on long-term obligations	3,705,282	4,068,796	(363,514)
Reserved for future debt service	635,152	-	635,152

**CITY OF WILMINGTON, NORTH CAROLINA**

**Water and Sewer Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP) (Continued)**

**Year Ended June 30, 2003**

	2003		Variance Positive (Negative)	
	Budget	Actual		
Nonoperating expenditures: (continued)				
Capital outlay:				
Administration	\$ 4,000	\$ 3,605	\$ 395	
Water and sewer line improvements	308,188	207,787	100,401	
Water and wastewater treatment improvements	582,342	279,452	302,890	
Environmental services	<u>13,420</u>	<u>12,575</u>	<u>845</u>	
Total nonoperating expenditures	<u>8,182,087</u>	<u>7,374,992</u>	<u>807,095</u>	
Total expenditures	<u>24,001,462</u>	<u>21,365,953</u>	<u>2,635,509</u>	
Excess of revenues over expenditures	<u>829,988</u>	<u>1,401,885</u>	<u>571,897</u>	
Other financing sources (uses):				
Operating transfers - out:				
Water and Sewer Capital Projects Fund	(1,144,000)	(1,144,000)	-	
Proceeds from refunding bond	6,508,316	6,508,316	-	
Payment to redeem outstanding bonds	(6,508,316)	(6,508,316)	-	
Appropriated fund balance	<u>314,012</u>	<u>-</u>	<u>(314,012)</u>	
Total other financing uses	<u>(829,988)</u>	<u>(1,144,000)</u>	<u>(314,012)</u>	
Net change in fund balance	<u>\$ -</u>	<u>257,885</u>	<u>\$ 257,885</u>	
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Capital asset expenditures		67,078		
Principal payments on long-term obligations		4,068,796		
Water and sewer charges accrual		7,833		
Interest expense accrual		(137,367)		
Investment earnings accrual		(5,505)		
Vacation and sick leave accrual		39,391		
Change in inventory		64,485		
Capital contributions - others		74,832		
Capital contribution to General Government		(12,462)		
Investment earnings - Water and Sewer Capital Projects Fund		433,002		
Other noncapital expenses - Water and Sewer Capital Projects Fund		(590,781)		
Depreciation		(4,350,865)		
Amortization		(121,485)		
Operating transfer to Water and Sewer Capital Projects Fund		1,144,000		
Connection fees		<u>(69,528)</u>		
Change in net assets		<u>\$ 869,309</u>		

**CITY OF WILMINGTON, NORTH CAROLINA**

**Water and Sewer Capital Projects Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP)**

**From Inception and Year Ended June 30, 2003**

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Investment earnings	\$ 9,302,773	\$ 10,194,004	\$ 433,002	\$ 10,627,006	\$ 1,324,233
Restricted intergovernmental	5,055,230	3,935,450	141,725	4,077,175	(978,055)
Other revenue	-	1,801	-	1,801	1,801
Total revenues	14,358,003	14,131,255	574,727	14,705,982	347,979
Expenditures:					
Capital outlay:					
Market Street drainage	150,000	-	10,807	10,807	139,193
Northside WWTP ejector pack pump station	120,000	-	-	-	120,000
Pump station flow meters	100,000	-	-	-	100,000
Pump station generators	658,000	607,570	21,476	629,046	28,954
Pump station 34 grit removal	200,000	-	-	-	200,000
Meares Street sewer	654,265	4,216	470,864	475,080	179,185
Jervay infrastructure	70,000	-	-	-	70,000
King's Bluff	720,000	239,501	175,303	414,804	305,196
Annexation 98 fire hydrants	705,000	457,107	209,438	666,545	38,455
SCP Utilities relocation	1,540,000	42,628	-	42,628	1,497,372
Cowan Station sewer outfall	740,000	337,961	2,172	340,133	399,867
Mineral Springs outfall	302,500	-	-	-	302,500
Annexation 98 sewers	3,762,680	508,264	174,984	683,248	3,079,432
Shearin Hills	567,000	34,001	252,145	286,146	280,854
Annexation 98 distribution mains	2,898,995	376,538	287,583	664,121	2,234,874
Pump stations 10, 12, 14	250,000	-	29,474	29,474	220,526
Recycling pump station	304,000	-	31,163	31,163	272,837
Water system master plan	200,000	-	-	-	200,000
Downtown water/sewer rehabilitation	308,046	46,932	232,608	279,540	28,506
Pump station 9	235,000	-	-	-	235,000
Sewer maintenance and replacement 2002-03	649,000	-	-	-	649,000
Downtown water/sewer rehabilitation 2002-03	110,000	-	-	-	110,000
Hazmat remediation	50,500	-	50,330	50,330	170
Water valve replacement 2002-03	100,000	-	-	-	100,000
Water laterals	50,000	-	-	-	50,000
Sweeney filter rehabilitation	150,000	-	72,185	72,185	77,815
Tank improvements	2,645,549	1,541,743	2,500	1,544,243	1,101,306
Monitoring and reporting system	1,717,675	1,717,674	-	1,717,674	1
Annexation - sewer	700,000	667,837	-	667,837	32,163
Annexation - water	5,718,060	5,094,005	13,776	5,107,781	610,279
Pump Station 18 elimination	79,000	67,468	-	67,468	11,532
Motors/VFDs - PS 10,12,14	1,638,000	1,542,498	-	1,542,498	95,502
Burnt Mill Creek outfall	3,259,196	3,153,562	-	3,153,562	105,634

**CITY OF WILMINGTON, NORTH CAROLINA**

**Water and Sewer Capital Projects Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP) (Continued)**

**From Inception and Year Ended June 30, 2003**

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Expenditures: (continued)					
Capital outlay: (continued)					
Greenville Loop Road force main	\$ 140,000	\$ 24,480	\$ -	\$ 24,480	\$ 115,520
Wrightsville Avenue reconstruction	500,000	394,175	-	394,175	105,825
New elevated water tank	3,402,215	2,853,555	331,475	3,185,030	217,185
Coleman Complex improvements	100,000	20,879	-	20,879	79,121
Upgrade pump station 5,6,8 and 11	642,000	3,383	-	3,383	638,617
Pump station 35 VFD control room	400,000	66,247	-	66,247	333,753
Pump station 10 improvements	40,000	9,327	-	9,327	30,673
Pump station 12 emergency generator	440,394	422,393	-	422,393	18,001
Replace Northside trickling filter distributor	194,500	-	114,650	114,650	79,850
Southside WWTP compressor/rotometer	224,500	-	-	-	224,500
Paint/repair Southside WWTP #1 trickling filter	120,000	-	117,717	117,717	2,283
Southside WWTP expansion	450,000	272,212	-	272,212	177,788
Spring Branch outfall	515,000	-	146,652	146,652	368,348
Independence/Shipyard force main	3,500,000	2,691,138	416,667	3,107,805	392,195
Smith Creek outfall	5,000	2,000	-	2,000	3,000
Biosolids facility drainage pad/roof improvements	50,000	-	-	-	-
Annexation 95 water phase II	8,320,200	4,761,093	269,091	5,030,184	3,290,016
Oversizing water and sewer lines	456,528	146,663	3,650	150,313	306,215
Pump station 12 conveyor system	200,000	-	-	-	200,000
Pump station 34 VFD	400,000	-	-	-	400,000
Pump station 14 bar screen replacement	275,000	2,755	245,232	247,987	27,013
Pump station 36 bar screen improvement	20,000	-	-	-	20,000
Pump station 39 grinder	75,000	1,380	1,670	3,050	71,950
Pump station 9 communitor/fine screen	95,000	-	83	83	94,917
Northside WWTP expansion	6,736,000	3,667,355	134,673	3,802,028	2,933,972
Northside WWTP maintenance facility	581,730	557,513	-	557,513	24,217
Sewer line replacement	363,000	93,455	-	93,455	269,545
Sludge scales	30,000	-	-	-	30,000
Division Drive pump station	1,774,230	1,655,407	-	1,655,407	118,823
Annexation 98 water mains	6,326,002	4,818,036	1,401,667	6,219,703	106,299
Water valve replacement	688,000	477,810	(360)	477,450	210,550
Water laterals and services	240,000	3,284	-	3,284	236,716

**CITY OF WILMINGTON, NORTH CAROLINA**

**Water and Sewer Capital Projects Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP) (Continued)**

**From Inception and Year Ended June 30, 2003**

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Expenditures: (continued)					
Capital outlay: (continued)					
800mhz equipment	\$ 250,000	\$ 229,547	\$ -	\$ 229,547	\$ 20,453
Water and sewer street construction	300,000	208,388	-	208,388	91,612
Total expenditures	69,206,765	39,821,980	5,219,675	45,041,655	24,165,110
Excess of expenditures over revenues	(54,848,762)	(25,690,725)	(4,644,948)	(30,335,673)	24,513,089
Other financing sources:					
Operating transfers - in:					
Water and Sewer Fund	33,780,151	32,636,133	1,144,000	33,780,133	(18)
Bond sale proceeds	22,185	22,185	-	22,185	-
Revenue bond proceeds	20,526,380	20,526,376	-	20,526,376	(4)
Appropriated fund balance	520,046	-	-	-	(520,046)
Total other financing sources	54,848,762	53,184,694	1,144,000	54,328,694	(520,068)
Net change in fund balance	\$ -	\$ 27,493,969	\$ (3,500,948)	\$ 23,993,021	\$ 23,993,021

**CITY OF WILMINGTON, NORTH CAROLINA**

**Ground Water Utility Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP)**

**Year Ended June 30, 2003**

	2003		
	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Charges for services:			
Water charges	\$ 3,304,637	\$ 3,521,148	\$ 216,511
Other operating revenues:			
Connection or reconnection fees	69,000	86,221	17,221
Total operating revenues	<u>3,373,637</u>	<u>3,607,369</u>	<u>233,732</u>
Nonoperating revenues:			
Investment earnings	<u>30,000</u>	<u>21,813</u>	<u>(8,187)</u>
Total revenues	<u>3,403,637</u>	<u>3,629,182</u>	<u>225,545</u>
Expenditures:			
Operating expenditures:			
Collections and billing	361,889	339,294	22,595
Water treatment	864,246	867,961	(3,715)
Line maintenance and repair and meter reading	461,952	285,200	176,752
Miscellaneous	<u>25,750</u>	<u>25,750</u>	<u>-</u>
Total operating expenditures	<u>1,713,837</u>	<u>1,518,205</u>	<u>195,632</u>
Nonoperating expenditures:			
Interest and other charges	1,105,640	1,111,870	(6,230)
Principal payments on long-term obligation	565,000	565,000	-
Capital outlay:			
Collections and billing	700	698	2
Water line improvements	<u>22,400</u>	<u>16,642</u>	<u>5,758</u>
Total nonoperating expenditures	<u>1,693,740</u>	<u>1,694,210</u>	<u>(470)</u>
Total expenditures	<u>3,407,577</u>	<u>3,212,415</u>	<u>195,162</u>
Excess of revenues over (under) expenditures	(3,940)	416,767	420,707
Other financing sources:			
Appropriated fund balance	<u>3,940</u>	<u>-</u>	<u>(3,940)</u>
Net change in fund balance	\$ -	416,767	\$ 416,767

**CITY OF WILMINGTON, NORTH CAROLINA**

**Ground Water Utility Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP) (Continued)**

**Year Ended June 30, 2003**

	2003		Variance
	Budget	Actual	Positive (Negative)
Reconciliation from budgetary basis (modified accrual) to full accrual basis:			
Depreciation		\$ (453,962)	
Amortization		(18,804)	
Vacation and sick leave accrual		(3,977)	
Principal payments on long-term obligation		565,000	
Interest expense accrual		2,072	
Investment earnings accrual		(1,612)	
Water charges accrual		<u>(22,828)</u>	
 Change in net assets		 \$ <u>482,656</u>	



**CITY OF WILMINGTON, NORTH CAROLINA**

**Solid Waste Management Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP)**

**Year Ended June 30, 2003**

	2003		Variance Positive (Negative)	
	Budget	Actual		
Operating revenues:				
Charges for services:				
Refuse collection	\$ 6,077,454	\$ 6,156,214	\$ 78,760	
Recycling	3,000	4,760	1,760	
Total operating revenues	<u>6,080,454</u>	<u>6,160,974</u>	<u>80,520</u>	
Operating expenditures:				
Administration	259,605	232,883	26,722	
Customer refuse	3,913,494	3,625,887	287,607	
Recycling	553,339	518,843	34,496	
Yard waste	1,141,838	1,070,409	71,429	
Special services	262,095	265,608	(3,513)	
Downtown collection	287,415	228,519	58,896	
Miscellaneous	447,212	447,212	-	
Total operating expenditures	<u>6,864,998</u>	<u>6,389,361</u>	<u>475,637</u>	
Excess of operating expenditures over revenues	<u>(784,544)</u>	<u>(228,387)</u>	<u>556,157</u>	
Nonoperating revenues:				
Investment earnings	40,000	24,101	(15,899)	
Miscellaneous	-	5,117	5,117	
Total nonoperating revenues	<u>40,000</u>	<u>29,218</u>	<u>(10,782)</u>	
Excess of expenditures over revenues	<u>(744,544)</u>	<u>(199,169)</u>	<u>545,375</u>	
Other financing sources:				
Operating transfer - in:				
General Fund	743,925	743,925	-	
Appropriated fund balance	619	-	(619)	
Total other financing sources	<u>744,544</u>	<u>743,925</u>	<u>(619)</u>	
Net change in fund balance	<u>\$ -</u>	544,756	<u>\$ 544,756</u>	
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Investment earnings accrual		2,431		
Depreciation		(5,203)		
Vacation and sick leave accrual		<u>(13,486)</u>		
Change in net assets		<u>\$ 528,498</u>		

**CITY OF WILMINGTON, NORTH CAROLINA**

**Storm Water Management Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP)**

**Year Ended June 30, 2003**

	2003		Variance Positive (Negative)	
	Budget	Actual		
Operating revenues:				
Charges for services:				
Utility fees	\$ 4,281,742	\$ 4,349,038	\$ 67,296	
City streets	1,117,000	1,117,000	-	
Miscellaneous operating revenue	48,018	100,348	52,330	
Total operating revenues	<u>5,446,760</u>	<u>5,566,386</u>	<u>119,626</u>	
Operating expenditures:				
Engineering	471,384	423,721	47,663	
Operations	2,346,402	2,072,773	273,629	
Street sweeping	527,092	489,013	38,079	
Miscellaneous	586,483	550,000	36,483	
Total operating expenditures	<u>3,931,361</u>	<u>3,535,507</u>	<u>395,854</u>	
Excess of operating revenues over expenditures	<u>1,515,399</u>	<u>2,030,879</u>	<u>515,480</u>	
Nonoperating revenues (expenditures):				
Facility fees	150,000	132,413	(17,587)	
Investment earnings	50,000	55,399	5,399	
Interest and fiscal charges	(242,379)	(242,380)	(1)	
Payment on debt principal	(294,203)	(294,255)	(52)	
Reserved for debt service	(707,508)	-	707,508	
Total nonoperating expenditures, net	<u>(1,044,090)</u>	<u>(348,823)</u>	<u>695,267</u>	
Excess of revenues over expenditures	<u>471,309</u>	<u>1,682,056</u>	<u>1,210,747</u>	
Other financing sources (uses):				
Operating transfers out:				
Storm Water Capital Projects Fund	(514,000)	(514,000)	-	
Special Purpose Fund	(6,000)	(6,000)	-	
Total operating transfers - out	<u>(520,000)</u>	<u>(520,000)</u>	<u>-</u>	
Appropriated fund balance	48,691	-	(48,691)	
Total other financing uses, net	<u>(471,309)</u>	<u>(520,000)</u>	<u>(48,691)</u>	
Net change in fund balance	<u>\$ -</u>	<u>1,162,056</u>	<u>\$ 1,162,056</u>	

**CITY OF WILMINGTON, NORTH CAROLINA**

**Storm Water Management Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP) (Continued)**

**Year Ended June 30, 2003**

	2003		Variance
	Budget	Actual	Positive (Negative)
Reconciliation from budgetary basis (modified accrual)			
to full accrual basis:			
Depreciation		\$ (1,111,772)	
Vacation and sick leave accrual		(14,194)	
Principal payments on long-term obligations		294,255	
Interest expense accrual		2,956	
Investment earnings accrual		11,127	
Capital contributions - State		73,000	
Investment earnings - Storm Water Capital			
Projects Fund		24,177	
Other noncapital expenses - Storm Water			
Capital Projects Fund		(60,430)	
Operating transfers - Storm Water Capital			
Projects Fund		514,000	
Change in inventory		(17,777)	
Nonoperating grant receivable		<u>(30,600)</u>	
Change in net assets		<u>\$ 846,798</u>	

**CITY OF WILMINGTON, NORTH CAROLINA**

**Storm Water Capital Projects Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP)**

**From Inception and Year Ended June 30, 2003**

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Investment earnings	\$ 713,000	\$ 1,058,983	\$ 24,177	\$ 1,083,160	\$ 370,160
Restricted intergovernmental	-	-	73,000	73,000	73,000
Total revenues	<u>713,000</u>	<u>1,058,983</u>	<u>97,177</u>	<u>1,156,160</u>	<u>443,160</u>
Expenditures:					
Market Street drainage	624,119	2,511	301,071	303,582	320,537
Master drainage study	933,000	864,829	60,430	925,259	7,741
Longstreet canal	3,049,000	318,816	89,399	408,215	2,640,785
Rileys branch	1,588,000	234,868	107,390	342,258	1,245,742
Seagate area improvements	325,000	1,575	-	1,575	323,425
Greenville Loop Road bridge	566,736	-	95,468	95,468	471,268
Lions Gate	642,514	22,679	56,983	79,662	562,852
Market Northwoods	525,000	79	-	79	524,921
Market Inland Greens	500,000	2,028	36,525	38,553	461,447
Mineral Springs 2002-03	245,000	-	-	-	245,000
Heidi Drive relief 2002-03	269,000	-	-	-	269,000
Burnt Mill Creek	46,264	46,264	-	46,264	-
Mineral Springs branch	100,000	51,375	-	51,375	48,625
Street construction 1996					
Carlton Avenue	141,663	141,662	-	141,662	1
Long Leaf Hills outfall	1,863,500	1,845,316	-	1,845,316	18,184
Gillette Drive - phase 2 & 3	1,740,000	1,621,540	38,777	1,660,317	79,683
Burnt Mill Creek outfall	83,960	83,960	-	83,960	-
Greenfield dilution wells	50,000	10,337	-	10,337	39,663
Rosemont Avenue drainage	<u>317,000</u>	<u>1,475</u>	<u>5,470</u>	<u>6,945</u>	<u>310,055</u>
Total expenditures	<u>13,609,756</u>	<u>5,249,314</u>	<u>791,513</u>	<u>6,040,827</u>	<u>7,568,929</u>
Excess of expenditures over revenues	<u>(12,896,756)</u>	<u>(4,190,331)</u>	<u>(694,336)</u>	<u>(4,884,667)</u>	<u>8,012,089</u>
Other financing sources:					
Operating transfers - in:					
General Fund	137,491	137,492	-	137,492	1
Storm Water Management Fund	<u>2,506,751</u>	<u>1,992,752</u>	<u>514,000</u>	<u>2,506,752</u>	<u>1</u>
Total operating transfers - in	<u>2,644,242</u>	<u>2,130,244</u>	<u>514,000</u>	<u>2,644,244</u>	<u>2</u>
Bond sale proceeds	9,952,514	3,824,515	-	3,824,515	(6,127,999)
Proceeds from installment obligation	<u>300,000</u>	<u>300,000</u>	<u>-</u>	<u>300,000</u>	<u>-</u>
Total other financing sources	<u>12,896,756</u>	<u>6,254,759</u>	<u>514,000</u>	<u>6,768,759</u>	<u>(6,127,997)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 2,064,428</u>	<u>\$ (180,336)</u>	<u>\$ 1,884,092</u>	<u>\$ 1,884,092</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Golf Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP)**

**Year Ended June 30, 2003**

	2003		
	Budget	Actual	Variance Positive (Negative)
Operating revenues:			
Fees and coupons	\$ 558,000	\$ 492,423	\$ (65,577)
Cart rentals	215,000	201,739	(13,261)
Concessions	169,355	118,627	(50,728)
Miscellaneous	200	1,056	856
Total operating revenues	<u>942,555</u>	<u>813,845</u>	<u>(128,710)</u>
Operating expenditures:			
Salaries and employee benefits	448,265	387,644	60,621
Repairs and maintenance	386,231	324,973	61,258
Miscellaneous	117,900	75,214	42,686
Capital outlay	<u>372,276</u>	<u>25,895</u>	<u>346,381</u>
Total operating expenditures	<u>1,324,672</u>	<u>813,726</u>	<u>510,946</u>
Excess of operating revenues over (under) expenditures	<u>(382,117)</u>	<u>119</u>	<u>382,236</u>
Nonoperating revenues (expenditures):			
Investment earnings	25,000	10,665	(14,335)
Interest charges	(7,675)	(3,989)	3,686
Principal payments on long-term obligation	<u>(15,725)</u>	<u>(21,461)</u>	<u>(5,736)</u>
Total nonoperating revenues (expenditures), net	<u>1,600</u>	<u>(14,785)</u>	<u>(16,385)</u>
Excess of expenditures over revenues	<u>(380,517)</u>	<u>(14,666)</u>	<u>365,851</u>
Appropriated fund balance	<u>380,517</u>	<u>-</u>	<u>(380,517)</u>
Net change in fund balance	<u>\$ -</u>	<u>(14,666)</u>	<u>\$ (14,666)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual basis:			
Investment earnings accrual		1,540	
Depreciation		(86,767)	
Principal payments on other long-term obligation		21,461	
Capital asset expenditures		5,500	
Interest expense accrual		(172)	
Vacation and sick leave accrual		11,350	
Change in inventory		(8,065)	
Deferred revenues		<u>(1,003)</u>	
Change in net assets		<u>\$ (70,822)</u>	

**CITY OF WILMINGTON, NORTH CAROLINA**

**Parking Facilities Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP)**

**Year Ended June 30, 2003**

	2003		Variance Positive (Negative)	
	Budget	Actual		
Operating revenues:				
Charges for services:				
Parking fees	\$ 914,000	\$ 984,147	\$ 70,147	
Parking violations	<u>575,000</u>	<u>487,673</u>	<u>(87,327)</u>	
Total operating revenues	<u>1,489,000</u>	<u>1,471,820</u>	<u>(17,180)</u>	
Operating expenditures:				
Contracted services	752,550	704,232	48,318	
Repairs and maintenance	10,000	175	9,825	
Capital outlay	130,563	50,236	80,327	
Other operating expenses	<u>161,450</u>	<u>117,971</u>	<u>43,479</u>	
Total operating expenditures	<u>1,054,563</u>	<u>872,614</u>	<u>181,949</u>	
Excess of operating revenues over expenditures	<u>434,437</u>	<u>599,206</u>	<u>164,769</u>	
Nonoperating revenues (expenditures):				
Investment earnings	120,000	27,293	(92,707)	
Interest and other charges	(228,850)	(214,905)	13,945	
Principal payments on other long-term obligations	(139,900)	(151,157)	(11,257)	
Reserved for debt service	<u>(276,000)</u>	<u>-</u>	<u>276,000</u>	
Total nonoperating expenditures, net	<u>(524,750)</u>	<u>(338,769)</u>	<u>185,981</u>	
Excess of revenues over (under) expenditures	(90,313)	260,437	350,750	
Appropriated fund balance	<u>90,313</u>	<u>-</u>	<u>(90,313)</u>	
Net change in fund balance	<u>\$ -</u>	260,437	<u>\$ 260,437</u>	
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Investment earnings accrual		1,792		
Investment earnings - Parking Facilities Capital Projects Fund		39,266		
Capital asset expenditures		123,865		
Depreciation		(119,761)		
Amortization		(6,984)		
Principal payments on long-term obligations		165,360		
Interest expense accrual		<u>(9,364)</u>		
Change in net assets		<u>\$ 454,611</u>		

**CITY OF WILMINGTON, NORTH CAROLINA**

**Parking Facilities Capital Projects Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP)**

**From Inception and Year Ended June 30, 2003**

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Investment earnings	\$ -	\$ -	\$ 39,266	\$ 39,266	\$ 39,266
Expenditures:					
Water Street parking deck	525,000	-	121,194	121,194	403,806
Market Street parking deck	<u>9,244,500</u>	<u>-</u>	<u>3,328,846</u>	<u>3,328,846</u>	<u>5,915,654</u>
Total expenditures	<u>9,769,500</u>	<u>-</u>	<u>3,450,040</u>	<u>3,450,040</u>	<u>6,319,460</u>
Excess of expenditures over revenues	(9,769,500)	-	(3,410,774)	(3,410,774)	6,358,726
Other financing sources:					
Proceeds from installment obligation	<u>9,769,500</u>	<u>-</u>	<u>9,232,190</u>	<u>9,232,190</u>	<u>(537,310)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,821,416</u>	<u>\$ 5,821,416</u>	<u>\$ 5,821,416</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Wilmington Transit Authority  
(A Discretely Presented Component Unit)  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP)**

**Year Ended June 30, 2003**

	2003		Variance Positive (Negative)	
	Budget	Actual		
Operating revenues:				
Passenger services	\$ 517,355	\$ 495,723	\$ (21,632)	
Other	<u>13,879</u>	<u>13,379</u>	<u>(500)</u>	
Total operating revenues	<u>531,234</u>	<u>509,102</u>	<u>(22,132)</u>	
Operating expenditures:				
Labor	1,065,000	1,055,104	9,896	
Fringe benefits	664,500	650,586	13,914	
Materials and supplies	395,000	385,496	9,504	
Purchased services	109,000	98,662	10,338	
Utilities	40,000	39,539	461	
Insurance	69,000	54,166	14,834	
Taxes and licenses	3,500	2,291	1,209	
Miscellaneous	20,000	16,934	3,066	
Taxicab and leases	<u>104,000</u>	<u>105,835</u>	<u>(1,835)</u>	
Total operating expenditures	<u>2,470,000</u>	<u>2,408,613</u>	<u>61,387</u>	
Excess of operating expenditures over revenues	(1,938,766)	(1,899,511)	39,255	
Nonoperating revenue:				
Operating subsidy	<u>1,938,766</u>	<u>1,899,511</u>	<u>(39,255)</u>	
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Capital contributions from primary government		3,777,308		
Depreciation and amortization		<u>(135,424)</u>		
Change in net assets		<u>\$ 3,641,884</u>		



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**CITY OF WILMINGTON, NORTH CAROLINA**

**Combining Statement of Net Assets -  
Internal Service Funds**

**June 30, 2003**

	Equipment, Maintenance and Replacement Fund	Personal Computer Replacement Fund	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 6,350,132	\$ 154,647	\$ 6,504,779
Accounts receivable	20,038	488	20,526
Due from other governments	2,123	-	2,123
Inventory of materials and supplies	<u>92,828</u>	<u>-</u>	<u>92,828</u>
Total current assets	<u>6,465,121</u>	<u>155,135</u>	<u>6,620,256</u>
Capital assets:			
Furniture, fixtures, machinery and equipment	15,304,255	-	15,304,255
Less accumulated depreciation	<u>(11,618,551)</u>	<u>-</u>	<u>(11,618,551)</u>
Total capital assets, net of accumulated depreciation	<u>3,685,704</u>	<u>-</u>	<u>3,685,704</u>
Total assets	<u>10,150,825</u>	<u>155,135</u>	<u>10,305,960</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	44,978	-	44,978
Accrued liabilities	<u>16,711</u>	<u>-</u>	<u>16,711</u>
Total current liabilities	61,689	-	61,689
Noncurrent liabilities:			
Accrued vacation and sick leave	<u>69,313</u>	<u>-</u>	<u>69,313</u>
Total liabilities	<u>131,002</u>	<u>-</u>	<u>131,002</u>
<b>NET ASSETS</b>			
Invested in capital assets	3,685,704	-	3,685,704
Unrestricted	<u>6,334,119</u>	<u>155,135</u>	<u>6,489,254</u>
Total net assets	<u>\$ 10,019,823</u>	<u>\$ 155,135</u>	<u>\$ 10,174,958</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Combining Statement of Revenues, Expenses and Changes in Net Assets -  
Internal Service Funds**

**Year Ended June 30, 2003**

	Equipment, Maintenance and Replacement Fund	Personal Computer Replacement Fund	Total
Operating revenues:			
Charges for services	\$ 1,651,189	\$ -	\$ 1,651,189
Charges for equipment replacement	1,779,745	100,050	1,879,795
Other operating revenues	<u>113,460</u>	<u>-</u>	<u>113,460</u>
Total operating revenues	<u>3,544,394</u>	<u>100,050</u>	<u>3,644,444</u>
Operating expenses:			
Salaries, employee benefits and other personnel costs	564,971	-	564,971
Materials and fuels consumed	9,455	-	9,455
Services	812,516	-	812,516
Utilities	4,072	-	4,072
Depreciation	1,919,779	-	1,919,779
Other operating expenses	<u>249,419</u>	<u>-</u>	<u>249,419</u>
Total operating expenses	<u>3,560,212</u>	<u>-</u>	<u>3,560,212</u>
Operating income (loss)	<u>(15,818)</u>	<u>100,050</u>	<u>84,232</u>
Nonoperating revenues (expenses):			
Investment earnings	92,693	1,060	93,753
Gain on retirement of capital assets	<u>26,946</u>	<u>-</u>	<u>26,946</u>
Total nonoperating revenues	<u>119,639</u>	<u>1,060</u>	<u>120,699</u>
Income before transfers	103,821	101,110	204,931
Transfers from other funds	104,957	-	104,957
Transfers to other funds	<u>(67,445)</u>	<u>-</u>	<u>(67,445)</u>
Change in net assets	141,333	101,110	242,443
Net assets at beginning of year	<u>9,878,490</u>	<u>54,025</u>	<u>9,932,515</u>
Net assets at end of year	<u>\$ 10,019,823</u>	<u>\$ 155,135</u>	<u>\$ 10,174,958</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Combining Statement of Cash Flows -  
Internal Service Funds**

**Year Ended June 30, 2003**

	Equipment, Maintenance and Replacement Fund	Personal Computer Replacement Fund	Total
Cash flows from operating activities:			
Receipts from customers and users	\$ 441,388	\$ -	\$ 441,388
Receipts from interfund services provided	3,162,999	100,050	3,263,049
Payments to suppliers	(1,287,869)	-	(1,287,869)
Payments to or on behalf of employees	<u>(562,807)</u>	<u>-</u>	<u>(562,807)</u>
Net cash provided by operating activities	<u>1,753,711</u>	<u>100,050</u>	<u>1,853,761</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(785,531)	-	(785,531)
Proceeds from disposal of capital assets	<u>49,404</u>	<u>-</u>	<u>49,404</u>
Net cash used in capital and related financing activities	(736,127)	-	(736,127)
Cash flows from investing activities:			
Investment earnings	<u>82,482</u>	<u>572</u>	<u>83,054</u>
Net increase in cash and cash equivalents	1,100,066	100,622	1,200,688
Cash and cash equivalents at beginning of year	<u>5,250,066</u>	<u>54,025</u>	<u>5,304,091</u>
Cash and cash equivalents at end of year	<u><u>\$ 6,350,132</u></u>	<u><u>\$ 154,647</u></u>	<u><u>\$ 6,504,779</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ (15,818)	\$ 100,050	\$ 84,232
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	1,919,779	-	1,919,779
Changes in assets and liabilities:			
Accounts receivable	59,993	-	59,993
Inventory of material and supplies	(5,644)	-	(5,644)
Accounts payable and accrued liabilities	(205,031)	-	(205,031)
Accrued vacation and sick leave	<u>432</u>	<u>-</u>	<u>432</u>
Net cash provided by operating activities	<u><u>\$ 1,753,711</u></u>	<u><u>\$ 100,050</u></u>	<u><u>\$ 1,853,761</u></u>
Supplemental disclosure of noncash investing, capital and related financing activities:			
Transfer of capital assets from governmental funds	\$ 25,050	\$ -	\$ 25,050
Transfer of capital assets between proprietary funds	12,462	-	12,462

**CITY OF WILMINGTON, NORTH CAROLINA**

**Equipment, Maintenance and Replacement Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP)**

**Year Ended June 30, 2003**

	2003		Variance Positive (Negative)	
	Budget	Actual		
Revenues:				
Operating revenues:				
Charges for services	\$ 1,504,343	\$ 1,651,189	\$ 146,846	
Charges for equipment replacement	1,778,633	1,779,745	1,112	
Other operating revenues	-	129,520	129,520	
Total operating revenues	<u>3,282,976</u>	<u>3,560,454</u>	<u>277,478</u>	
Nonoperating revenues:				
Investment earnings	125,000	82,482	(42,518)	
Sale of capital assets	-	31,712	31,712	
Total nonoperating revenues	<u>125,000</u>	<u>114,194</u>	<u>(10,806)</u>	
Total revenues	<u>3,407,976</u>	<u>3,674,648</u>	<u>266,672</u>	
Expenditures:				
Operating expenditures:				
Salaries, employee benefits and other personnel costs	627,567	564,538	63,029	
Materials and fuels consumed	17,830	15,099	2,731	
Maintenance and operating expenditures	610,653	816,757	(206,104)	
Utilities	6,470	5,781	689	
Other operating expenses	236,148	182,415	53,733	
Total operating expenditures	<u>1,498,668</u>	<u>1,584,590</u>	<u>(85,922)</u>	
Nonoperating expenditures:				
Capital and noncapital equipment	1,587,179	844,954	742,225	
Reserve for replacement	1,903,633	-	1,903,633	
Total nonoperating expenditures	<u>3,490,812</u>	<u>844,954</u>	<u>2,645,858</u>	
Total expenditures	<u>4,989,480</u>	<u>2,429,544</u>	<u>2,559,936</u>	
Excess of revenues over (under) expenditures	(1,581,504)	1,245,104	2,826,608	
Appropriated fund balance	<u>1,581,504</u>	<u>-</u>	<u>(1,581,504)</u>	
Net change in fund balance	<u>\$ -</u>	1,245,104	<u>\$ 1,245,104</u>	

(Continued)

**CITY OF WILMINGTON, NORTH CAROLINA**

**Equipment, Maintenance and Replacement Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP) (Continued)**

**Year Ended June 30, 2003**

	2003		Variance
	Budget	Actual	Positive (Negative)
Reconciliation from budgetary basis (modified accrual) to full accrual basis:			
Capital asset expenditures		\$ 785,531	
Investment earnings accrual		10,211	
Vacation and sick leave accrual		(432)	
Inventory change		5,644	
Depreciation		(1,919,779)	
Disposal of capital assets		(22,458)	
Transfers of capital assets from governmental funds		25,050	
Transfers of capital assets from enterprise funds		<u>12,462</u>	
Change in net assets		<u>\$ 141,333</u>	

**CITY OF WILMINGTON, NORTH CAROLINA**

**Personal Computer Replacement Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP)**

**Year Ended June 30, 2003**

	<u>2003</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Operating revenues:			
Charges for equipment replacement	\$ 95,200	\$ 100,050	\$ 4,850
Nonoperating revenues:			
Investment earnings	<u>-</u>	<u>572</u>	<u>572</u>
Total revenues	95,200	100,622	5,422
Nonoperating expenditures:			
Reserve for replacement	<u>95,200</u>	<u>-</u>	<u>95,200</u>
Excess of revenues over expenditures	<u>\$ -</u>	100,622	<u>\$ 100,622</u>
Reconciliation from budgetary basis (modified accrual) to full accrual basis:			
Investment earnings accrual		<u>488</u>	
Change in net assets		<u>\$ 101,110</u>	

**CITY OF WILMINGTON, NORTH CAROLINA**

**Capital Assets Used in the Operation of Governmental Funds <sup>(1)</sup>**  
**Schedule By Type and Source**

**June, 30 2003**

Governmental funds capital assets:

Land	\$ 7,480,147
Improvements other than buildings	7,768,242
Buildings, plant and structures	34,801,485
Furniture, fixtures, machinery and equipment	9,156,832
Streets and drainage	3,192,291
Construction in progress	<u>1,719,625</u>
Total governmental funds capital assets	<u>\$ 64,118,622</u>

Investment in governmental funds capital assets by source:

Prior years for which detail is not available	\$ 20,514,766
General Fund	7,594,113
Special Purpose Fund	918,951
Capital Project Funds	34,159,184
Accepted dedications	<u>931,608</u>
Total governmental funds capital assets	<u>\$ 64,118,622</u>

<sup>(1)</sup> This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.



**CITY OF WILMINGTON, NORTH CAROLINA**

**Capital Assets Used in the Operation of Governmental Funds <sup>(1)</sup>**

**Schedule By Function and Activity**

**June, 30 2003**

Function and Activity	<u>Land</u>	<u>Improvements other than Buildings</u>	<u>Buildings, Plant and Structures</u>
General government:			
City Manager	\$ -	\$ -	\$ -
Finance	-	-	-
Management Services	-	-	-
Central Services	-	-	-
Development Services	-	-	-
Public Services	-	-	-
General government buildings	<u>3,055,157</u>	<u>-</u>	<u>14,269,160</u>
Total general government	<u>3,055,157</u>	<u>-</u>	<u>14,269,160</u>
Public safety:			
Police	25,000	-	647,228
Fire	<u>846,545</u>	<u>-</u>	<u>10,631,189</u>
Total public safety	<u>871,545</u>	<u>-</u>	<u>11,278,417</u>
Transportation:			
Traffic engineering	37,638	-	72,364
Streets and drainage	<u>-</u>	<u>31,400</u>	<u>46,445</u>
Total transportation	<u>37,638</u>	<u>31,400</u>	<u>118,809</u>
Cultural and recreational:			
Parks and recreation	<u>3,208,242</u>	<u>7,736,842</u>	<u>8,993,664</u>
Economic and physical development	<u>307,565</u>	<u>-</u>	<u>141,435</u>
Total governmental funds capital assets	<u>\$ 7,480,147</u>	<u>\$ 7,768,242</u>	<u>\$ 34,801,485</u>

<sup>(1)</sup> This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

<u>Furniture, Fixtures, Machinery and Equipment</u>	<u>Streets and Drainage</u>	<u>Construction in Progress</u>	<u>Total</u>
\$ 92,268	\$ -	\$ -	\$ 92,268
8,994	-	-	8,994
392,945	-	-	392,945
12,000	-	-	12,000
49,014	-	-	49,014
61,776	-	-	61,776
<u>279,462</u>	<u>-</u>	<u>1,233,229</u>	<u>18,837,008</u>
<u>896,459</u>	<u>-</u>	<u>1,233,229</u>	<u>19,454,005</u>
1,366,044	-	30,470	2,068,742
<u>5,908,119</u>	<u>-</u>	<u>-</u>	<u>17,385,853</u>
<u>7,274,163</u>	<u>-</u>	<u>30,470</u>	<u>19,454,595</u>
486,224	-	-	596,226
<u>135,836</u>	<u>3,192,291</u>	<u>167,247</u>	<u>3,573,219</u>
<u>622,060</u>	<u>3,192,291</u>	<u>167,247</u>	<u>4,169,445</u>
<u>343,231</u>	<u>-</u>	<u>288,679</u>	<u>20,570,658</u>
<u>20,919</u>	<u>-</u>	<u>-</u>	<u>469,919</u>
<u>\$ 9,156,832</u>	<u>\$ 3,192,291</u>	<u>\$ 1,719,625</u>	<u>\$ 64,118,622</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Capital Assets Used in the Operation of Governmental Funds <sup>(1)</sup>**  
**Schedule of Changes By Function and Activity**

**Year Ended June, 30 2003**

Function and Activity	July 1, 2002	Additions	Deductions
General government:			
City Manager	\$ 92,268	\$ -	\$ -
Human Resource Management	6,064	-	(6,064)
Finance	8,994	-	-
Management Services	373,644	6,813	-
Central Services	12,000	-	-
Development Services	269,376	-	(230,000)
Public Services	124,588	-	-
General government buildings	17,430,331	1,386,665	-
Total general government	<u>18,317,265</u>	<u>1,393,478</u>	<u>(236,064)</u>
Public safety:			
Police	2,005,406	183,718	(175,278)
Fire	17,212,985	177,960	54,988
Total public safety	<u>19,218,391</u>	<u>361,678</u>	<u>(120,290)</u>
Transportation:			
Traffic engineering	590,102	6,124	-
Streets and drainage	207,439	3,365,780	-
Total transportation	<u>797,541</u>	<u>3,371,904</u>	<u>-</u>
Cultural and recreational:			
Parks and recreation	18,146,758	2,387,346	(6,245)
Economic and physical development	520,879	-	(34,019)
Total governmental funds capital assets	<u>\$ 57,000,834</u>	<u>\$ 7,514,406</u>	<u>\$ (396,618)</u>

<sup>(1)</sup> This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

<u>Transfers</u>	<u>June 30, 2003</u>
\$ -	\$ 92,268
-	-
-	8,994
12,488	392,945
-	12,000
9,638	49,014
(62,812)	61,776
20,012	18,837,008
<u>(20,674)</u>	<u>19,454,005</u>
54,896	2,068,742
<u>(60,080)</u>	<u>17,385,853</u>
<u>(5,184)</u>	<u>19,454,595</u>
-	596,226
-	<u>3,573,219</u>
-	<u>4,169,445</u>
42,799	20,570,658
<u>(16,941)</u>	<u>469,919</u>
<u>\$ -</u>	<u>\$ 64,118,622</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Schedule of Change in Ad Valorem Taxes Receivable**

**June 30, 2003**

Fiscal Year	Uncollected Balance July 1, 2002	Additions	Collections and Credits	Uncollected Balance June 30, 2003
2002-2003	\$ -	\$ 39,563,895	\$ 38,575,115	\$ 988,780
2001-2002	903,155	13,118	682,177	234,096
2000-2001	180,710	9,507	79,994	110,223
2000 and prior	<u>554,189</u>	<u>7,543</u>	<u>146,615</u>	<u>415,117</u>
	1,638,054	39,594,063	39,483,901	1,748,216
Less allowance for uncollectible taxes	<u>(551,081)</u>	<u>(42,960)</u>	<u>-</u>	<u>(594,041)</u>
Totals	<u>\$ 1,086,972</u>	<u>\$ 39,551,103</u>	<u>\$ 39,483,901</u>	<u>\$ 1,154,174</u>

Reconciliation of collections and credits:

New Hanover County tax office

remittances:

Taxes - ad valorem - current year - General Fund	\$ 38,241,979
Taxes - ad valorem - prior years - General Fund	767,887
Taxes - ad valorem - penalties and interest - General Fund	<u>191,259</u>

Total remittances	39,201,125
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Amounts written off as abatements and because of statute of limitations	474,035
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Less penalties and interest	<u>(191,259)</u>
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Total collections and credits	<u>\$ 39,483,901</u>
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**CITY OF WILMINGTON, NORTH CAROLINA**

**Analysis of Current Tax Levy**

**For the Fiscal Year Ended June 30, 2003**

				Total Levy	
City - Wide				Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Property Valuation	Rate	Total Levy			
Original levy:					
Property taxed at current year's rate	\$ 8,067,282,382	\$ .47	\$ 37,916,228	\$ 35,914,130	\$ 2,002,098
Motor vehicles taxed at prior years rate	214,565,198	.47	1,008,456	-	1,008,456
Penalties	-		29,381	29,381	-
Total	8,281,847,580		38,954,065	35,943,511	3,010,554
Discoveries:					
Current year taxes	102,751,702		482,933	477,717	5,216
Prior year taxes and penalties	-		126,897	126,897	-
Total			39,563,895	36,548,125	3,015,770
Abatements	(70,885,957)		(333,164)	(287,305)	(45,859)
Total property valuation	\$ 8,313,713,325				
Net levy			39,230,731	36,260,820	2,969,911
Uncollected taxes at June 30, 2002			988,779	579,424	409,355
Current year's taxes collected			\$ 38,241,952	\$ 35,681,396	\$ 2,560,556
Current levy collection percentage			97.48%	98.40%	86.22%

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**TABLE 1****CITY OF WILMINGTON, NORTH CAROLINA****General Governmental Expenditures by Function (1)****Last Ten Fiscal Years**

	<u>General Government</u>	<u>Public Safety</u>	<u>Transportation(5)</u>	<u>Solid Waste Management(2)</u>	<u>Economic and Physical Development</u>	<u>Cultural and Recreational(3)</u>	<u>Debt Service</u>	<u>Miscellaneous(4)</u>	<u>Capital Projects</u>	<u>Total</u>
1993-94	6,316,532	12,858,176	2,862,558	3,403,119	1,519,953	2,737,315	2,773,217	362,543	2,134,702	34,968,115
1994-95	7,245,023	13,062,613	3,356,746	-	1,540,443	1,827,875	3,139,476	836,007	1,687,095	32,695,278
1995-96	7,175,717	13,587,797	3,417,949	-	1,520,753	1,781,532	3,037,244	538,863	920,378	31,980,233
1996-97	7,609,810	15,074,384	3,924,488	-	1,699,448	2,008,507	3,255,889	7,736,187	1,635,891	42,944,604
1997-98	8,034,486	17,337,644	4,410,671	-	2,353,042	2,259,116	3,746,918	684,241	9,610,179	48,436,297
1998-99	8,945,083	20,788,298	3,776,170	-	2,074,538	2,292,568	5,519,582	1,491,147	10,446,961	55,334,347
1999-00	10,760,563	23,392,392	4,664,701	-	2,394,478	3,343,993	5,851,802	1,961,623	10,920,150	63,289,702
2000-01	12,615,632	26,808,518	5,161,508	-	2,722,637	3,791,800	5,822,625	1,000	5,065,811	61,989,531
2001-02	13,388,820	28,442,252	5,609,649	-	2,866,653	4,158,623	6,599,022	-	5,296,770	66,361,789
2002-03	13,290,907	29,692,037	10,001,337	-	4,869,211	4,005,275	6,261,189	77,177	6,429,641	74,626,774

(1) Includes General, Special Revenue and Capital Project Funds; does not include interfund transfers or transfers to its discretely presented component uni

(2) Beginning in fiscal year 1994-95, solid waste services are accounted for in an enterprise fund

(3) Beginning in fiscal year 1994-95, golf course operations are accounted for in an enterprise fund

(4) Includes hurricane disaster recovery of \$7,097,514 in 1996-97, \$648,342 in 1998-99, \$1,961,623 in 1999-2000, \$1,000 in 2000-01 and \$77,177 in 2002-03. Miscellaneous General Fund expenditures are reported as general government nondepartmental expenditures beginning in 1999-2000.

(5) Beginning in fiscal year 1998-99, storm water operations are accounted for in an enterprise fund



**TABLE 2****CITY OF WILMINGTON, NORTH CAROLINA****General Governmental Revenues by Source (1)****Last Ten Fiscal Years**

	<u>Ad Valorem Taxes(2)</u>	<u>Other Taxes</u>	<u>Donations</u>	<u>Inter- Governmental(4)</u>	<u>Licenses and Permits</u>	<u>Sales and Services(3)</u>	<u>Fines and Forfeits</u>	<u>Investment Earnings</u>	<u>Miscellaneous</u>	<u>Total</u>
1993-94	14,484,589	8,656,633	6,140	5,588,274	1,129,800	6,093,507	192,912	395,922	206,238	36,754,015
1994-95	15,027,183	9,039,650	20,375	5,931,921	1,310,675	2,350,930	186,357	679,980	327,683	34,874,754
1995-96	15,171,213	9,793,894	105,309	5,959,072	1,383,557	2,637,326	214,770	831,530	303,132	36,399,803
1996-97	16,367,433	10,993,970	88,178	13,460,352	1,444,820	2,593,528	202,508	1,055,301	363,043	46,569,133
1997-98	17,472,181	10,862,426	200	7,705,656	1,552,683	2,578,437	250,295	1,950,315	954,462	43,326,655
1998-99	19,639,928	11,533,574	1,653	8,681,475	1,818,506	3,085,745	327,727	1,510,218	672,215	47,271,041
1999-00	33,775,923 (5)	13,800,805	450	9,161,493	2,120,152	3,164,229	338,420	1,401,783	864,357	64,627,612
2000-01	31,066,885	14,768,238	63,313	9,616,098	2,224,174	3,433,034	65,679 (6)	2,000,231	497,503	63,735,155
2001-02	42,523,366	13,349,944	76,805	8,461,139	2,562,725	3,796,988	29,503	849,774	1,918,911	73,569,155
2002-03	39,201,126	15,491,067	10,425	14,528,124	2,557,466	4,065,419	46,667	593,512	681,096	77,174,902

(1) Includes General, Special Revenue and Capital Project Funds; does not include interfund transfers.

(2) Includes related penalties and interest.

(3) Beginning in fiscal year 1994-95 sales and services do not include refuse collection fees and golf course fees. These are accounted for in the enterprise funds.

(4) Includes hurricane disaster relief of \$6,803,427 in 1996-97, \$727,470 in 1998-99, \$1,981,505 in 1999-2000, \$276,309 in 2000-01, \$655,331 in 2001-02 and \$83,683 in 2002-03.

(5) Includes area annexed effective January 31, 1999.

(6) Beginning in fiscal year 2000-01 parking fines are reported in the Parking Facilities Fund, an enterprise fund.

TABLE 3

## CITY OF WILMINGTON, NORTH CAROLINA

## Property Tax Levies and Collections

## Last Ten Fiscal Years

<u>Tax Year</u>	<u>Fiscal Year Ended June 30</u>	<u>Current Adjusted Tax Levy</u>	<u>Current Year Levy Collection</u>	<u>Percent Collected</u>	<u>Prior Years Levy Collections</u>	<u>Total Collections During Year</u>	<u>Percent of Total Collections to Adjusted Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percent of Total Delinquent Taxes to Adjusted Tax Levy</u>
1993	1994	\$ 14,414,439	\$ 14,136,331	98.07%	\$ 273,480	\$ 14,409,811	99.97 %	\$ 1,057,582	7.34%
1994	1995	14,949,873	14,557,204	97.37	363,009	14,920,213	99.80	1,060,591	7.09
1995	1996	15,152,423	14,827,271	97.85	264,220	15,091,491	99.60	1,062,343	7.01
1996	1997	16,319,442	15,973,006	97.88	316,683	16,289,689	99.82	1,048,564	6.43
1997	1998	17,394,186	16,957,079	97.49	407,264	17,364,343	99.83	1,051,517	6.05
1998	1999	19,602,792	19,121,615	97.55	419,964	19,541,579	99.69	1,073,015	5.47
1999	2000	34,043,367	33,258,083	97.69	385,580	33,643,663	98.83	1,413,350	4.15
2000	2001	31,085,675	30,367,985	97.69	559,085	30,927,070	99.49	1,456,668	4.69
2001	2002	42,566,296	41,663,142	97.88	653,445	42,316,587	99.41	1,638,054	3.85
2002	2003	39,230,731	38,241,979	97.48	767,887	39,009,866	99.44	1,748,215	4.46

**TABLE 4****CITY OF WILMINGTON, NORTH CAROLINA****Assessed and Estimated Actual Value of Taxable Property****Last Ten Fiscal Years**

<u>Fiscal Year Ended June 30</u>	<u>Tax Year Ended December 31</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Public Service Companies</u>	<u>Total Assessed Value</u>	<u>Percent of Assessed Value to Estimated Actual Value</u>
1994	1993	\$ 1,977,018,067	\$ 386,309,075	\$ 107,560,762	\$ 2,470,887,904	100%
1995	1994	2,014,069,059	430,098,840	110,230,017	2,554,397,916	100
1996	1995	2,054,720,522	451,087,425	101,200,982	2,607,008,929	100
1997	1996	2,128,997,382	501,415,741	107,667,861	2,738,080,984	100
1998	1997	2,206,662,420	596,469,271	111,266,811	2,914,398,502	100
1999	1998	2,307,941,747	612,527,640	99,801,402	3,020,270,789	100
2000	1999	5,200,161,853	1,046,503,494	145,551,520	6,392,216,867 (1)	100
2001	2000	5,337,095,765	1,119,464,898	145,371,646	6,601,932,309	100
2002	2001	6,682,783,632	1,307,522,169	155,487,381	8,145,793,182	100
2003	2002	6,845,437,902	1,316,772,835	151,502,588	8,313,713,325	100

(1) Property appraised every eight years as required by State Law.

**TABLE 5****CITY OF WILMINGTON, NORTH CAROLINA****Property Tax Rates - Direct and Overlapping Governments  
(Per \$100 of Assessed Value)****Last Ten Fiscal Years**

<u>Tax year</u>	<u>Fiscal Year Ended June 30</u>	<u>New Hanover County</u>	<u>City of Wilmington</u>
1993	1994	\$ .615	\$ .580
1994	1995	.615	.580
1995	1996	.630	.580
1996	1997	.645	.595
1997	1998	.665	.595
1998	1999	.665	.650
1999	2000	.565	.470
2000	2001	.610	.470
2001	2002	.690	.470
2002	2003	.690	.470

The County levies a tax rate which all residents of the County must pay. In addition, the City tax rate is levied on residents within the corporate limits. These rates are shown above.

**TABLE 6****CITY OF WILMINGTON, NORTH CAROLINA****Top Ten Taxpayers****June 30, 2003**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2002 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Corning, Inc.	Optical Fiber Manufacturer	\$ 301,376,135	3.63 %
BellSouth Telephone Co.	Utility	60,640,286	0.73
Carolina Power & Light Co.	Utility	60,335,863	0.73
UDRT of North Carolina LLC	Real estate	43,790,979	0.53
Independence Mall Associates	Real estate	38,014,279	0.46
Developers Diversified Realty	Real estate	22,452,550	0.27
Federal Paper Board	Paper products manufacturer	16,648,992	0.20
North Carolina Natural Gas	Utility	14,917,963	0.18
Heritage SPE LLC	Real estate	12,749,936	0.15
Belk Berry Co.	Retail Department Store	<u>12,227,789</u>	<u>0.15</u>
		<u><u>\$583,154,772</u></u>	<u><u>7.01</u></u> %

**TABLE 7****CITY OF WILMINGTON, NORTH CAROLINA****Computation of Legal Debt Margin****June 30, 2003**

Total assessed valuation at June 30, 2003		<u>\$8,313,713,325</u>
Debt limit: 8% of total assessed value		<u>\$ 665,097,066</u>
Amount of debt applicable to debt limit:		
Total general obligation bonds	\$ 56,775,000	
Total other debt (including water and sewer revenue bonds)	<u>76,217,221</u>	
Gross debt	<u>132,992,221</u>	
Less:		
Deductions allowed by law:		
Water general obligation bonds	30,337,430	
Water and sewer revenue bonds	<u>20,247,335</u>	
Total deductions	<u>50,584,765</u>	
Total amount of debt applicable to debt limit		<u>82,407,456</u>
Legal debt margin		<u>\$ 582,689,610</u>

TABLE 8

## CITY OF WILMINGTON, NORTH CAROLINA

## Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita

## Last Ten Fiscal Years

<u>Fiscal Year Ended June 30</u>	<u>Population Estimate (1)</u>	<u>Taxable Property Assessed Value</u>	<u>Gross Bonded Debt (2)</u>	<u>Debt Payable from Enterprise Revenues (3)</u>	<u>Net Bonded Debt</u>	<u>Percent of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
1994	59,409	\$ 2,470,887,904	\$ 84,180,000	\$ 56,910,026	\$ 27,269,974	1.104 %	\$ 459.02
1995	60,886	2,554,397,916	79,395,000	53,974,254	25,420,746	.995	417.51
1996	62,269	2,607,008,929	74,645,000	51,049,458	23,595,542	.905	378.93
1997	62,968	2,738,080,984	69,925,000	48,451,160	21,473,840	.784	341.03
1998	64,513	2,914,398,502	77,455,000	46,171,316	31,283,684	1.073	484.92
1999	75,629	3,020,270,789	72,235,000	49,521,593	22,713,407	.752	300.33
2000	76,617	6,392,216,867	67,070,000	46,731,416	20,338,584	.318	265.46
2001	90,200	6,601,932,309	65,360,000	43,959,703	21,400,297	.324	237.25
2002	93,400	8,145,793,182	62,150,000	43,180,771	18,969,229	.233	203.10
2003	91,907	8,313,713,325	56,775,000	40,130,508	16,644,492	.200	181.10

(1) City of Wilmington Planning Department.

(2) Includes all long-term general obligation debt.

(3) These amounts include the general obligation bonds that are being repaid from water, sewer and storm water revenues.

**TABLE 9****CITY OF WILMINGTON, NORTH CAROLINA****Ratio of Annual Debt Service for  
General Bonded Debt to Total General Expenditures****Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest and Fees</u>	<u>Total Debt Service</u>	<u>Total (1) General Expenditures</u>	<u>Ratio of Debt Service to Total General Expenditures</u>
1993-94	\$ 1,734,753	\$ 1,038,464	\$ 2,773,217	\$ 34,968,115	7.9 %
1994-95	1,849,226	1,290,250	3,139,476	32,695,278	9.6
1995-96	1,825,204	1,212,040	3,037,244	31,980,233	9.5
1996-97	2,121,702	1,134,187	3,255,889	42,944,604	7.6
1997-98	2,214,358	1,288,190	3,502,548	48,436,297	7.2
1998-99	2,410,637	1,166,139	3,576,776	55,334,347	6.5
1999-00	2,374,463	1,065,678	3,440,141	63,289,702	5.4
2000-01	2,338,287	1,031,815	3,370,102	61,989,531	5.4
2001-02	2,431,070	1,027,163	3,458,233	66,361,789	5.2
2002-03	2,324,737	1,486,828	3,811,565	74,626,774	5.1

(1) Includes General, Special Revenue and Capital Projects Funds.  
Does not include interfund transfers.



TABLE 10

## CITY OF WILMINGTON, NORTH CAROLINA

## Computation of Direct and Overlapping Debt

June 30, 2003

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City of Wilmington</u>	<u>Amount Applicable to City of Wilmington</u>	<u>Percentage of City of Wilmington Total Assessed Valuation</u>
City of Wilmington	\$ 16,644,492 <sup>(1)</sup>	100.00 %	\$ 16,644,492	0.200%
New Hanover County <sup>(2)</sup>	204,675,000 <sup>(1)</sup>	48.97	<u>100,234,932</u>	<u>1.206%</u>
Total			<u>\$ 116,879,424</u>	<u>1.770%</u>

(1) Includes general obligation debt that will be retired with general governmental revenues (including property taxes). Not included are general obligation debts of self-supporting enterprise operations (water, sewer, solid waste disposal, storm water) or lease-purchase agreements for either general government or enterprise operations.

(2) New Hanover County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2003.

**TABLE 11****CITY OF WILMINGTON, NORTH CAROLINA****Demographic Statistics****Last Ten Fiscal Years**

<u>Fiscal Year Ended June 30</u>	<u>Population (1)</u>	<u>Per Capita Income (2)</u>	<u>Median Age (3)</u>	<u>School Enrollment (4)</u>	<u>Unemployment Ratio (5)</u>
1994	59,409	19,900	35.2	20,096	6.3
1995	60,886	22,344	35.7	20,060	6.4
1996	62,269	23,819	36.1	20,533	5.8
1997	62,968	25,068	36.5	20,957	4.1
1998	64,513	26,346	36.9	21,488	4.9
1999	75,629 (6)	27,731	37.3	20,936	3.4
2000	76,617	N/A	36.3	21,792	3.9
2001	90,200 (7)	N/A	38.1	21,430	4.5
2002	93,400	N/A	N/A	21,854	6.6
2003	91,907	N/A	N/A	21,639	6.0

N/A - Not Available

(1) City of Wilmington Planning Department.

(2) Department of Revenue, State of North Carolina.

(3) Median age statistics are for New Hanover County as a whole, which includes the City of Wilmington.

(4) Figures are for the New Hanover County Public Schools which includes the City of Wilmington (City's 2002 population estimated at 93,400 out of 167,500 total County population).

(5) Unemployment statistics are for the Wilmington MSA (includes New Hanover County) provided by North Carolina Employment Security Commission.

(6) Includes increase attributable to annexation effective in 1999.

(7) Includes increase attributable to annexation effective in 2000.

**TABLE 12****CITY OF WILMINGTON, NORTH CAROLINA****Property Value, Construction and Bank Deposits****Last Ten Fiscal Years**

<u>Fiscal Year Ending June 30</u>	<u>Number of Building Permits (1)</u>	<u>Residential Value (1) (in Thousands)</u>	<u>Nonresidential Value (1) (in Thousands)</u>	<u>Total Value</u>	<u>Bank Deposits (2) (in Thousands)</u>
1994	1,425	32,166	26,511	58,677	1,290,370
1995	1,692	35,623	48,789	84,412	1,401,480
1996	1,736	54,757	36,788	91,545	1,515,270
1997	1,830	49,424	67,635	117,060	1,655,120
1998	1,834	78,219	81,764	159,983	1,692,975
1999	1,924	57,755	119,952	177,708	1,783,326
2000	1,844	61,066	146,684	207,750	1,869,483
2001	1,763	67,205	133,980	201,185	1,966,017
2002	2,017	124,400	108,420	232,820	N/A
2003	2,034	115,798	107,628	223,426	N/A

N/A - Not Available

(1) Data provided by New Hanover Building Inspections Division.

(2) Data provided by Federal Deposit Insurance Corporation. Prior to 1993, total deposits were for New Hanover County, including the City of Wilmington.

**TABLE 13****CITY OF WILMINGTON, NORTH CAROLINA****Miscellaneous Statistics****June 30, 2003**

Date of incorporation	1739
Form of government	Council-Manager
Area	54 square miles
Miles of streets	375
Number of street lights	6,938
Fire protection:	
Number of stations	9
Number of firemen and officers (exclusive of volunteer firemen)	204
Police protection:	
Number of stations	1 headquarters, two community stations and 1 training facility
Number of policemen and officers	250
Municipal water department:	
Number of consumers	41,891
Average daily consumption	17,978,000
Miles of water mains	871
Sewers:	
Sanitary sewers	395 miles
Storm sewers	400 miles
Employees:	
Permanent	1,103
Temporary/part-time	60
Recreation and Culture:	
Number of parks	41 with 381 acres
Number of recreation centers	9
Other	18-hole golf course

TABLE 14

## CITY OF WILMINGTON, NORTH CAROLINA

**Schedule of Compliance with the Rate Covenant <sup>(1)</sup> for the Water and Sewer System Revenue Bonds,  
Series 1998 and 1999 and the Water and Sewer System Refunding Revenue Bond, Series 2003**

**Last Five Fiscal Years**

Fiscal Year Ended June 30	Gross Revenues <sup>(2)</sup>	Gross Expenses <sup>(3)</sup>	Net Revenue Available for Debt Service	Debt Service Requirements			Debt Coverage <sup>(6)</sup>
				Revenue Bonds <sup>(4)</sup>	Other Debt <sup>(5)</sup>	Total	
1999	\$ 22,522,691	\$ 11,252,624	\$ 11,270,067	\$ 294,797	\$ 6,849,508	\$ 7,144,305	1.58
2000	23,959,960	12,152,805	11,807,155	1,133,678	6,660,177	7,793,855	1.51
2001	24,463,313	13,338,112	11,125,201	1,922,545	4,955,088	6,877,633	1.62
2002	24,278,286	14,300,823	9,977,463	1,923,245	4,725,266	6,648,511	1.50
2003	23,133,639	15,035,691	8,097,948	1,864,985	4,719,405	6,584,390	1.23

<sup>(1)</sup> The City issued water and sewer revenue bonds in the amount of \$7,500,000 dated December 1998 and \$15,615,000 dated September 1999. The series 1998 revenue bonds were exchanged in May 2003 for the series 2003 revenue bond.

<sup>(2)</sup> Gross revenues include all fees (including impact fees), other charges and investment income.

<sup>(3)</sup> Gross expenses exclude depreciation and bond interest.

<sup>(4)</sup> Includes principal and interest payments only.

<sup>(5)</sup> Other debt includes principal and interest payments for all subordinate, general obligation and other indebtedness.

<sup>(6)</sup> The required debt coverage for the revenue bonds is 1.20. The required debt coverage for all other debt is 1.00.



**Lanier, Whaley, Craft & Co.**  
*Certified Public Accountants and Consultants*

**Report on Compliance and on Internal Control Over Financial Reporting  
Based on an Audit of Financial Statements Performed in  
Accordance with Government Auditing Standards**

The City Council  
City of Wilmington, North Carolina

We have audited the basic financial statements of the City of Wilmington, North Carolina as of and for the year ended June 30, 2003, and have issued our report thereon dated December 5, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Wilmington, North Carolina's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Wilmington, North Carolina's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. We noted other matters involving the internal control over financial reporting that we have reported to management of the City of Wilmington, North Carolina in a separate letter dated December 5, 2003.

This report is intended solely for the information and use of the audit committee, management, others within the organization, members of City Council, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Lamer, Whaley, Craft & Co.*

Wilmington, North Carolina  
December 5, 2003



**Lanier, Whaley, Craft & Co.**  
*Certified Public Accountants and Consultants*

**Report on Compliance with Requirements Applicable to Each Major  
Federal Program and Internal Control Over Compliance in  
Accordance with OMB Circular A-133 and the  
State Single Audit Implementation Act**

The City Council  
City of Wilmington, North Carolina

Compliance

We have audited the compliance of the City of Wilmington, North Carolina, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that are applicable to each of its major federal programs for the year ended June 30, 2003. The City of Wilmington, North Carolina's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Wilmington, North Carolina's management. Our responsibility is to express an opinion on the City of Wilmington, North Carolina's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Wilmington, North Carolina's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Wilmington, North Carolina's compliance with those requirements.

In our opinion, the City of Wilmington, North Carolina complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003.



#### Internal Control Over Compliance

The management of the City of Wilmington, North Carolina is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Wilmington, North Carolina's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State Single Audit Implementation Act.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, members of City Council, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Lanier, Whaley, Craft & Co.*

Wilmington, North Carolina  
December 5, 2003



**Lanier, Whaley, Craft & Co.**  
*Certified Public Accountants and Consultants*

**Report on Compliance with Requirements Applicable to Each Major State  
Program and Internal Control Over Compliance in Accordance with  
Applicable Sections of OMB Circular A-133 and the  
State Single Audit Implementation Act**

The City Council  
City of Wilmington, North Carolina

Compliance

We have audited the compliance of the City of Wilmington, North Carolina, with the types of compliance requirements described in the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that are applicable to each of its major State programs for the year ended June 30, 2003. The City of Wilmington, North Carolina's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of the City of Wilmington, North Carolina's management. Our responsibility is to express an opinion on the City of Wilmington, North Carolina's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and applicable sections of OMB Circular A-133, as described in the Audit Manual for Governmental Auditors in North Carolina, and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the City of Wilmington, North Carolina's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Wilmington, North Carolina's compliance with those requirements.

In our opinion, the City of Wilmington, North Carolina complied, in all material respects, with the requirements referred to above that are applicable to each of its major State programs for the year ended June 30, 2003.

#### Internal Control Over Compliance

The management of the City of Wilmington, North Carolina is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered the City of Wilmington, North Carolina's internal control over compliance with requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major State program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, members of City Council, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Lanier, Whaley, Craft & Co.*

Wilmington, North Carolina  
December 5, 2003

**CITY OF WILMINGTON, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2003**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued:	Unqualified		
Internal control over financial reporting:			
* Material weakness(es) identified?	_____ yes	_____ <u>x</u> no	
* Reportable condition(s) identified that are not considered to be material weaknesses	_____ yes	_____ <u>x</u> none reported	
Noncompliance material to financial statements noted	_____ yes	_____ <u>x</u> no	

**Federal Awards**

Internal control over major federal programs:			
* Material weakness(es) identified?	_____ yes	_____ <u>x</u> no	
* Reportable condition(s) identified that are not considered to be material weaknesses	_____ yes	_____ <u>x</u> none reported	
Type of auditor's report issued on compliance for major federal programs:	Unqualified		
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133	_____ yes	_____ <u>x</u> no	

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.239	Home Investment Partnership
20.205	Highway Planning and Construction

(Continued)

**CITY OF WILMINGTON, NORTH CAROLINA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**  
**Year Ended June 30, 2003**

**Section I - Summary of Auditor's Results (Continued)**

**Federal Awards (Continued)**

Dollar threshold used to distinguish  
between Type A and Type B Programs

\$ 300,000

Auditee qualified as low-risk auditee?

  x   yes             no

**State Awards**

Internal control over major State programs:

\* Material weakness(es) identified?

       yes        x   no

\* Reportable condition(s) identified that are  
not considered to be material weaknesses

       yes        x   none reported

Type of auditor's report issued on compliance for major  
State programs:

Unqualified

Any audit findings disclosed that are required to be  
reported in accordance with the State Single  
Audit Implementation Act

       yes        x   no

Identification of major State programs:

Program Name

Powell Bill

State Maintenance Assistance for Urban, Small Urban  
and Regional Transit Systems

Crisis Housing Assistance Funds

**CITY OF WILMINGTON, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**  
**Year Ended June 30, 2003**

**Section II - Financial Statement Findings**

None reported

**Section III - Federal Award Findings and Questioned Costs**

None reported

**Section IV - State Award Findings and Questioned Costs**

None reported

**CITY OF WILMINGTON, NORTH CAROLINA**

**CORRECTIVE ACTION PLAN**

**Year Ended June 30, 2003**

**Section II – Financial Statement Findings**

None reported

**Section III – Federal Award Findings and Questioned Costs**

None reported

**Section IV - State Award Findings and Questioned Costs**

None reported

**CITY OF WILMINGTON, NORTH CAROLINA**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
**Year Ended June 30, 2003**

**Section II - Financial Statement Findings**

None reported

**Section III - Federal Award Findings and Questioned Costs**

Federal Emergency Management Agency – CFDA Mo. 83.544

Finding: 2002-1

Status: The City repaid the Federal Emergency Management Agency for the ineligible project costs, unsupported costs, charges to the grant that were not covered by insurance, and excessive equipment charges. The reimbursement has been reported as a reduction in Federal Emergency Management Agency receipts and disbursements and as an increase in local receipts and disbursements in the accompanying schedule of Federal and State awards. The finding does not warrant further action.

**Section IV - State Award Findings and Questioned Costs**

None reported



# CITY OF WILMINGTON, NORTH CAROLINA

## Schedule of Federal and State Awards - Cash Basis

Year Ended June 30, 2003

Grantor/Passthrough Grantor/Program Title	CFDA Number	Grant Number	Passthrough	Grant Award	Cash Receipts			Cash Disbursements		
			Grantor's Number		Federal	State	Local	Federal	State	Local
Federal Awards:										
<u>U.S. Department of Housing and Urban Development</u>										
Direct Program:										
Community Development Block Grant	14.218	B-91-MC-370010	-	\$ 802,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Community Development Block Grant	14.218	B-92-MC-370010	-	849,000	-	-	-	-	-	-
Community Development Block Grant	14.218	B-93-MC-370010	-	950,000	2,881	-	5	2,881	-	5
Community Development Block Grant	14.218	B-94-MC-370010	-	1,036,000	-	-	-	-	-	-
Community Development Block Grant	14.218	B-95-MC-370010	-	980,000	7,925	-	-	7,925	-	-
Community Development Block Grant	14.218	B-96-MC-370010	-	953,000	5,739	-	-	5,739	-	-
Community Development Block Grant	14.218	B-97-MC-370010	-	940,000	20,167	-	-	20,167	-	-
Community Development Block Grant	14.218	B-98-MC-370010	-	906,000	35,186	-	-	35,186	-	-
Community Development Block Grant	14.218	B-99-MC-370010	-	912,000	18,282	-	-	18,282	-	-
Community Development Block Grant	14.218	B-00-MC-370010	-	924,000	155,408	-	-	155,408	-	-
Community Development Block Grant	14.218	B-01-MC-370010	-	945,000	643,903	-	-	327,383	-	-
Community Development Block Grant	14.218	B-02-MC-370010	-	998,000	550,246	-	77,249	803,462	-	45,000
Community Development - Section 108	14.218	B-94-MC-370010	-	1,000,000		-	-	-	-	-
Community Development - Disaster										
Recovery Initiative	14.218	B-98-MU-370010	-	740,794	-	-	-	-	-	-
Home Investment Partnerships Program	14.239	M-92-MC-37-0207	-	750,000	-	-	-	-	-	-
Home Investment Partnerships Program	14.239	M-93-MC-37-0207	-	368,000	-	-	-	-	-	-
Home Investment Partnerships Program	14.239	M-94-MC-37-0207	-	483,000	-	-	-	-	-	-
Home Investment Partnerships Program	14.239	M-95-MC-37-0207	-	518,000	-	-	-	-	-	-
Home Investment Partnerships Program	14.239	M-96-MC-37-0207	-	494,000	-	-	-	-	-	-
Home Investment Partnerships Program	14.239	M-97-MC-37-0207	-	485,000	-	-	-	-	-	-
Home Investment Partnerships Program	14.239	M-98-MC-37-0207	-	520,000	-	-	-	-	-	-
Home Investment Partnerships Program	14.239	M-99-MC-37-0207	-	560,000	165,621	-	-	38,051	-	

# CITY OF WILMINGTON, NORTH CAROLINA

## Schedule of Federal and State Awards - Cash Basis (Continued)

**Year Ended June 30, 2003**

Grantor/Passthrough Grantor/Program Title	CFDA Number	Grant Number	Passthrough	Grant Award	Cash Receipts			Cash Disbursements		
			Grantor's Number		Federal	State	Local	Federal	State	Local
Federal Awards: (continued)										
<u>U.S. Department of Housing and Urban Development (continued)</u>										
Home Investment Partnerships Program	14.239	M-00-MC-37-0207	-	\$ 561,000	\$ 92,786	\$ -	\$ -	\$ 405,839	\$ -	\$ -
Home Investment Partnerships Program	14.239	M-01-MC-37-0207	-	622,000	107,000	-	-	111,748	-	148,130
Home Investment Partnerships Program	14.239	M-02-MC-37-0207	-	620,000	-	-	99,896	196,317	-	86,565
Total Department of Housing and Urban Development					1,805,144	-	177,150	2,128,388	-	279,700
<u>U.S. Department of Interior</u>										
Passthrough N.C. Department of Cultural Resources:										
Historic Preservation Fund	15.904	-	-	15,600	15,600	-	5,200	7,800	-	5,200
Historic Preservation Fund	15.904	-	-	6,500	-	-	1,600	2,400	-	1,600
Total Department of Interior					15,600	-	6,800	10,200	-	6,800
<u>U.S. Department of Transportation</u>										
Federal Transit Cluster:										
Direct Program:										
Urbanized Area Formula Program	20.507	NC-90-X255	-	462,027	-	-	3,702	14,812	-	3,702
Urbanized Area Formula Program	20.507	NC-90-X270	-	530,139	46,110	-	23,604	113,330	-	23,604
Urbanized Area Formula Program	20.507	NC-90-X290	-	370,000	17,990	-	4,498	17,990	-	4,498
Urbanized Area Formula Program	20.507	NC-90-X302	-	704,022	694,000	-	550,720	704,022	-	550,720

# CITY OF WILMINGTON, NORTH CAROLINA

## Schedule of Federal and State Awards - Cash Basis (Continued)

**Year Ended June 30, 2003**

Grantor/Passthrough Grantor/Program Title	CFDA Number	Grant Number	Passthrough Grantor's Number	Grant Award	Cash Receipts			Cash Disbursements		
					Federal	State	Local	Federal	State	Local
Federal Awards: (continued)										
<u>U.S. Department of Transportation (continued)</u>										
Passthrough N.C. Department of Transportation:										
Urbanized Area Formula Program	20.507	NC-90-X255	00-09-004	\$ 453,379	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Urbanized Area Formula Program	20.507	NC-90-X255	00-09-004	66,800	-	-	-	-	-	-
Urbanized Area Formula Program	20.507	NC-90-X270	02-09-024	265,150	-	-	-	-	4,728	-
Urbanized Area Formula Program	20.507	NC-90-X290	02-09-004	435,022	-	-	-	-	-	-
Urbanized Area Formula Program	20.507	NC-90-X302	03-09-302	4,068,955	221,880	-	27,766	222,124	27,766	27,766
Total Federal Transit Cluster					979,980	-	610,290	1,072,278	32,494	610,290
Passthrough N.C. Department of Transportation:										
Transportation Planning	20.505	9.9062142	03-08-006	35,460	23,640	2,955	3,940	31,520	3,940	3,940
Transportation Planning	20.505	9.9062123	02-08-006	32,796	14,528	1,816	-	-	-	-
Transportation Planning	20.205	8.54115	Section 104(f)	433,450	50,690	-	69,719	308,876	-	69,719
Transportation Planning	20.205	8.54315	Section 104(f)	297,050	28,977	-	-	-	-	-
Governor's Highway Safety Program	20.600	PT-03-04-02-14	-	36,875	-	-	12,313	12,313	-	12,313
Governor's Highway Safety Program	20.600	QN-02-11-01-18	-	14,000	2,680	-	7,293	2,431	-	7,293
Transportation Enhancement Agreement	20.205	E-4516	-	435,240	-	-	-	-	-	-
Transportation Enhancement Agreement	20.205	E-4541	-	108,400	-	-	17,000	68,000	-	17,000
Total Department of Transportation					1,100,495	4,771	720,555	1,495,418	36,434	720,555

# CITY OF WILMINGTON, NORTH CAROLINA

## Schedule of Federal and State Awards - Cash Basis (Continued)

**Year Ended June 30, 2003**

Grantor/Passthrough Grantor/Program Title	CFDA Number	Grant Number	Passthrough Grantor's Number	Grant Award	Cash Receipts			Cash Disbursements		
					Federal	State	Local	Federal	State	Local
Federal Awards: (continued)										
<u>U.S. Environmental Protection Agency</u>										
Direct Program:										
Brownfield Pilots Cooperative Agreement	66.811	BP984801-99-0	-	\$ 300,000	\$ 5,576	\$ -	\$ -	\$ 5,038	\$ -	\$ -
Vulnerability Assessments and Related Security										
Improvements at Large Drinking										
Water Utilities	66.476	HS-83001601	-	115,000	97,965	-		97,965	-	
Passthrough N.C. Department of Environment and Natural Resources:										
Burnt Mill Creek Watershed Outreach and										
Demonstration Project	66.460	-	EW02052	120,000	30,515	-	27,632	41,448	-	27,632
Total U.S. Environmental Protection Agency					134,056	-	27,632	144,451	-	27,632
<u>Federal Highway Administration</u>										
Passthrough N.C. Department of Environment and Natural Resources:										
Recreational Trails Program	20.219	00RTP-C04	-	39,600	21,720	-	7,048	21,720	-	7,048
Passthrough N.C. Department of Transportation										
Enhancement Agreement	20.205	E-2971C	-	100,000	-	-	-	-	-	-
Enhancement Agreement	20.205	E-4110	8.E250401	277,416	-	-	23,841	85,829	-	21,457
Total Federal Highway Administration					21,720	-	30,889	107,549	-	28,505

# CITY OF WILMINGTON, NORTH CAROLINA

## Schedule of Federal and State Awards - Cash Basis (Continued)

Year Ended June 30, 2003

Grantor/Passthrough Grantor/Program Title	CFDA Number	Grant Number	Passthrough Grantor's Number	Grant Award	Cash Receipts			Cash Disbursements		
					Federal	State	Local	Federal	State	Local
Federal Awards: (continued)										
<u>U.S. Department of Justice</u>										
Direct Program:										
Community Oriented Policing	16.710	97-UM-WX-0344	-	\$ 1,387,988	\$ 304,035	\$ -	\$ 177,044	\$ 328,797	\$ -	\$ 177,044
Law Enforcement Block Grant	16.592	2001-LB-BX-2396	-	130,593	-	-	11,448	103,035	-	11,448
Law Enforcement Block Grant	16.592	2002-LB-BX-0443	-	111,022	111,022	-	8,104	72,935	-	8,104
Bulletproof Vest Partnership	16.607	99002969	-	42,123	22,560	-	18,093	18,093	-	18,093
Community Prosecution	16.609	2001-GP-CX-0038	-	119,874	39,958	-	10,817	43,267	-	10,817
Passthrough N.C. Department of Crime Control and Public Safety:										
Kids Making It: A Woodworking Program	16.548	-	065-200-001-T523	60,000	30,130	-	5,770	22,716	-	5,770
Kids & Families Making It: A Woodworking Program	16.548	-	065-101-001-T117	68,755	36,084	-	24,415	36,084	-	24,415
First Step Enrichment Program	16.540	-	065-100-P01-J802	60,000	11,960	-	-	11,960	-	-
Total Department of Justice					555,749	-	255,691	636,887	-	255,691

# CITY OF WILMINGTON, NORTH CAROLINA

## Schedule of Federal and State Awards - Cash Basis (Continued)

**Year Ended June 30, 2003**

Grantor/Passthrough Grantor/Program Title	CFDA Number	Grant Number	Passthrough	Grant Award	Cash Receipts			Cash Disbursements		
			Grantor's Number		Federal	State	Local	Federal	State	Local
Federal Awards: (continued)										
<u>Federal Emergency Management Agency</u>										
Passthrough N.C. Department of Public Safety and Crime Control:										
Public Assistance	83.544	1240-DR-NC	-	\$ 957,151	\$ (7,025)	\$ (2,281)	\$ 9,336	\$ (7,048)	\$ (2,288)	\$ 9,336
Public Assistance	83.544	3141-DR-NC	-	111,565	16,140	4,681	-	-	-	-
Public Assistance	83.544	1134-DR-NC	-	6,287,386	(50,943)	(16,868)	67,811	(50,943)	(16,868)	67,811
Public Assistance	83.544	1292-DR-NC	-	3,029,635	<u>128,596</u>	<u>9,745</u>	<u>(138,341)</u>	<u>128,596</u>	<u>9,745</u>	<u>(138,341)</u>
Total Federal Emergency Management Agency					<u>86,768</u>	<u>(4,723)</u>	<u>(61,194)</u>	<u>70,605</u>	<u>(9,411)</u>	<u>(61,194)</u>
Other Federal Assistance:										
<u>U.S. Department of Housing and Urban Development</u>										
Direct Program:										
Urban Development Action Grant	N.A.	B-84-AA-37-0031	-	580,000	-	-	6,005	-	-	46,130
Rental Rehabilitation	N.A.	R-88-SG-37-0111	-	75,000	<u>-</u>	<u>-</u>	<u>18,454</u>	<u>-</u>	<u>-</u>	<u>14,474</u>
Total Other Federal Assistance					<u>-</u>	<u>-</u>	<u>24,459</u>	<u>-</u>	<u>-</u>	<u>60,604</u>
Total Federal Awards					<u>3,719,532</u>	<u>48</u>	<u>1,181,982</u>	<u>4,593,498</u>	<u>27,023</u>	<u>1,318,293</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Schedule of Federal and State Awards - Cash Basis (Continued)

**Year Ended June 30, 2003**

Grantor/Passthrough Grantor/Program Title	CFDA Number	Grant Number	Passthrough Grantor's Number	Grant Award	Cash Receipts			Cash Disbursements		
					Federal	State	Local	Federal	State	Local
State Awards:										
<u>N.C. Department of Transportation</u>										
Powell Bill Funds	-	9.90000	-	2,740,953	\$ -	\$ 2,740,953	\$ 18,844	\$ -	\$ 2,740,953	\$ 18,844
State Maintenance Assistance for Urban, Small Urban and Regional Transit Systems	-	9.9052329	-	684,837	-	617,372	-	-	644,768	-
State Maintenance Assistance for Urban, Small Urban and Regional Transit Systems	-	9.9052144	-	345,824	-	(343,663)	-	-	-	-
Transit Development Program	-	9.9052147	02-DG-011	75,000	-	38,966	21,231	-	35,878	21,231
Advanced Technology Program	-	9.9052153	02-AT-001	23,094	-	23,094	2,820	-	23,094	2,820
Advanced Technology Program	-	-	03-AT-054	9,000	-	-	-	-	-	-
Municipal Agreement	-	E-3803	-	220,000	-	-	-	-	-	-
Municipal Agreement	-	6.257072	-	104,315	-	-	-	-	-	-
Total N.C. Department of Transportation					-	3,076,722	42,895	-	3,444,693	42,895
<u>N.C. Department of Environment and Natural Resources</u>										
North Carolina Boating Infrastructure										
Grant Program	-	M02009	-	40,000	-	-	13,700	-	40,000	13,700
Market Street Drainage Relief Project	-	EW02049	-	20,000	-	-	281,071	-	20,000	281,071
17th Street Park	-	2002-254	-	250,000	-	250,000	38,175	-	7,819	38,175
Seagate Area Drainage Improvements	-	9.8039089	-	53,000	-	-	-	-	-	-
Total N.C. Department of Environment and Natural Resources					-	250,000	332,946	-	67,819	332,946

# CITY OF WILMINGTON, NORTH CAROLINA

## Schedule of Federal and State Awards - Cash Basis (Continued)

Year Ended June 30, 2003

Grantor/Passthrough Grantor/Program Title	CFDA Number	Grant Number	Passthrough Grantor's Number	Grant Award	Cash Receipts			Cash Disbursements		
					Federal	State	Local	Federal	State	Local
State Awards: (continued)										
<u>N.C. Department of Insurance</u>										
Child Safety Seat Checking Station	-	091702-4086	-	\$ 2,964	\$ -	\$ 2,964	\$ -	\$ -	\$ 2,964	\$ -
<u>N.C. Department of Crime Control and Public Safety</u>										
Crisis Housing Assistance Funds	-	00-D-159C	-	2,347,048	-	1,799,806	-	-	1,914,631	-
Total State Awards					-	5,129,492	375,841	-	5,430,107	375,841
Total Awards					\$ 3,719,532	\$ 5,129,540	\$ 1,557,823	\$ 4,593,498	\$ 5,457,130	\$ 1,694,134



# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Schedule of Federal and State Awards - Cash Basis

Year Ended June 30, 2003

### NOTE 1 - General

The accompanying Schedule of Federal and State Awards - Cash Basis represents the activity of all federal and State awards to the City of Wilmington, North Carolina. The City's reporting entity is defined in Note 1 to the City's basic financial statements. Expenditures are reported on the schedule only at such time as there is an approved award. As a result, certain expenditures incurred in a prior year are reported for the first time in the current year or as a reimbursement of local expenditures reported in a prior year. Expenditures not reimbursed or disallowed by a granting agency are reported in the current year as a reduction of the agency expenditures and an increase in local expenditures. All federal and state awards, received directly or indirectly (flow through) from federal and state agencies, are included on the schedule.

### NOTE 2 - Basis of Accounting

The accompanying schedule has been prepared on the cash basis. Under this method of accounting, revenue is recognized when received and expenditures are recognized when paid. Also, the information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, amounts presented in this schedule will frequently differ from amounts presented in, or used in the preparation of the financial statements.

### NOTE 3 - Relationship to Basic Financial Statements

With the exception of certain planning funds, the amounts reported in the accompanying schedule for the U.S. Department of Transportation's Urbanized Area Formula Program are accounted for in the discretely presented component unit. Amounts reported in the accompanying schedule for State Maintenance Assistance for Urban, Small Urban and Regional Transit Systems are also accounted for in the discretely presented component unit. Substantially all other federal and State programs are accounted for in the City's Governmental Funds.

### NOTE 4 - Federal Program Monies Used To Make Loans

The following schedule reflects the activity in the Federal loan programs.

	CFDA Number	Outstanding June 30, 2002	Loaned or Assigned	Collected or Forgiven	Outstanding June 30, 2003
<u>U.S. Department of Housing and Urban Development</u>					
Direct Program:					
Community Development Block Grant	14-218	\$ 5,962,115	\$ 406,369	\$ 396,048	\$ 5,972,436
Urban Development Action Grant	14-221	485,874	46,130	10,310	521,694
Rental Rehabilitation	14-230	139,435	15,115	17,767	136,783
Home Investment Partnership	14-239	2,806,662	169,139	91,777	2,884,024